



GENERAL ASSEMBLY

COMMONWEALTH OF KENTUCKY

2006 REGULAR SESSION

SENATE BILL NO. 105

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SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY R. Adkins

AN ACT relating to reorganization.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

1 Section 1. KRS 11.065 is amended to read as follows:

2 (1) The secretaries of the Justice Cabinet, the Education~~[, Arts, and Humanities]~~
3 Cabinet, the Environmental and Public Protection Cabinet, the Transportation
4 Cabinet, the Cabinet for Economic Development, the Cabinet for Health and Family
5 Services, the Finance and Administration Cabinet, the Commerce Cabinet, the
6 Personnel Cabinet, the Governor's Executive Cabinet, the state budget director, the
7 Governor's chief of staff, and the Lieutenant Governor shall constitute the
8 Governor's Executive Cabinet. There shall be a vice chairman appointed by the
9 Governor who shall serve in an advisory capacity to the Executive Cabinet. The
10 Governor shall be the chairman, and the secretary of the Finance and
11 Administration Cabinet shall be a second vice chairman of the Executive Cabinet.
12 The Governor may designate others to serve as vice chairman.

13 (2) The cabinet shall meet not less than once every two (2) months and at other times
14 on call of the Governor. The Executive Cabinet shall be a part of the Office of the
15 Governor and shall not constitute a separate department or agency of the state.
16 Members of the cabinet shall be the major assistants to the Governor in the
17 administration of the state government and shall assist the Governor in the proper
18 operation of his office and perform other duties the Governor may require of them.

19 (3) The cabinet shall consider matters involving policies and procedures the Governor
20 or any member may place before it. The cabinet shall advise and consult with the
21 Governor on all matters affecting the welfare of the state.

22 Section 2. KRS 11.182 is amended to read as follows:

23 (1) The membership of the commission shall consist of forty-seven (47) members who
24 have the resources to accomplish the goals set forth in Kentucky's Appalachian
25 Development Plan created under KRS 11.180(1).

(a) Ex-officio members shall be: the Governor; secretary of the Governor's Executive Cabinet; secretary of the Cabinet for Economic Development; secretary of the Transportation Cabinet; secretary of the Environmental and Public Protection Cabinet; secretary of the Commerce Cabinet; secretary of the Cabinet for Health and Family Services; the commissioner of the Department of Workforce Investment~~secretary of the Cabinet for Workforce Development~~; secretary of the Education~~, Arts, and Humanities~~ Cabinet; commissioner of the Department of Agriculture; president of the Council on Postsecondary Education; president of the Kentucky Community and Technical College System; commissioner of the Department of Education; commissioner of the Department for Local Government; executive director of the Kentucky Housing Corporation; Governor's alternate to the Appalachian Regional Commission; president of Morehead State University; executive director of the University of Kentucky Appalachian Center; director of the Center for Kentucky Rural Economic Development; state director of Rural Development of the United States Department of Agriculture; executive director of the East Kentucky Corporation; chair of the Kentucky Appalachian Advisory Council's steering committee; and two (2) vice chairs of the Kentucky Appalachian Advisory Council's Steering Committee.

(b) Members appointed by the Governor shall be:

1. A county judge/executive, mayor, executive director of an area development district, president of a community college, member of the House of Representatives, member of the Senate, and member of the state's judicial branch, all of whom shall be currently serving in the Appalachian region of the Commonwealth. The members who are a representative, a senator, and a representative of the judicial branch shall serve in a nonvoting capacity;

- 1 2. Nine (9) at-large members; and
- 2 3. One (1) member representing the Community Action Agencies of
- 3 Appalachian Kentucky.
- 4 (c) Members appointed by and representing certain entities shall be: two (2)
- 5 members of the Kentucky Appalachian Advisory Council; one (1) member of
- 6 the University of Kentucky Office of Management and Budget; one (1)
- 7 member from the Christian Appalachian Project; one (1) member appointed
- 8 by the United States Representative from the Fifth Congressional District; and
- 9 one (1) member appointed by the East Kentucky Leadership Foundation's
- 10 board of directors.
- 11 (2) Members listed in subsection (1)(a) and (b)1. of this section shall serve during their
- 12 terms of office or appointment. Members listed in subsection (1)(b)2., (1)(b)3., and
- 13 (1)(c) of this section shall serve four (4) year staggered terms and may be
- 14 reappointed.
- 15 (3) Members of the commission who are not state employees shall receive
- 16 reimbursement for actual and necessary expenses incurred in the performance of
- 17 their duties.
- 18 (4) Each member of the commission may designate in writing over his signature an
- 19 alternate with full authority, in the absence of the designating member for any
- 20 reason, to attend any properly convened meeting of the commission and to
- 21 participate in the consideration of any business and transactions of the commission.
- 22 Any designation of an alternate may, in the discretion of the designating member, be
- 23 limited to be effective only for a designated meeting or only for specified business.
- 24 An alternate shall not be entitled to vote upon any business or transactions of the
- 25 commission.
- 26 Section 3. KRS 12.020 is amended to read as follows:
- 27 Departments, program cabinets and their departments, and the respective major

1 administrative bodies that they include are enumerated in this section. It is not intended
 2 that this enumeration of administrative bodies be all-inclusive. Every authority, board,
 3 bureau, interstate compact, commission, committee, conference, council, office, or any
 4 other form of organization shall be included in or attached to the department or program
 5 cabinet in which they are included or to which they are attached by statute or statutorily
 6 authorized executive order; except in the case of the Personnel Board and where the
 7 attached department or administrative body is headed by a constitutionally elected officer,
 8 the attachment shall be solely for the purpose of dissemination of information and
 9 coordination of activities and shall not include any authority over the functions,
 10 personnel, funds, equipment, facilities, or records of the department or administrative
 11 body.

12 I. Cabinet for General Government - Departments headed by elected officers:

- 13 1. The Governor.
- 14 2. Lieutenant Governor.
- 15 3. Department of State.
 - 16 (a) Secretary of State.
 - 17 (b) Board of Elections.
 - 18 (c) Registry of Election Finance.
- 19 4. Department of Law.
 - 20 (a) Attorney General.
- 21 5. Department of the Treasury.
 - 22 (a) Treasurer.
- 23 6. Department of Agriculture.
 - 24 (a) Commissioner of Agriculture.
 - 25 (b) Kentucky Council on Agriculture.
- 26 7. Auditor of Public Accounts.

27 II. Program cabinets headed by appointed officers:

1 1. Justice Cabinet:

- 2 (a) Department of State Police.
- 3 (b) Department of Criminal Justice Training.
- 4 (c) Department of Corrections.
- 5 (d) Department of Juvenile Justice.
- 6 (e) Office of the Secretary.
- 7 (f) Offices of the Deputy Secretaries.
- 8 (g) Office of General Counsel.
- 9 (h) Division of Kentucky State Medical Examiners Office.
- 10 (i) Parole Board.
- 11 (j) Kentucky State Corrections Commission.
- 12 (k) Commission on Correction and Community Service.

13 2. Education~~[, Arts, and Humanities]~~ Cabinet:

- 14 (a) Office of the Secretary.
- 15 (b) Office of Legal Services.
- 16 1. Client Assistance Program.
- 17 (c) Office of Communication.
- 18 (d) Office of Legislative and Intergovernmental Affairs.
- 19 (e) Office of Budget and Administration.
- 20 1. Division of Human Resources.
- 21 2. Division of Administrative Services.
- 22 3. Division of Technology Services.
- 23 (f) Board of Directors for the Center for School Safety.
- 24 (g) Council on Postsecondary Education.
- 25 1. Foundation for Adult Education.
- 26 (h) Department of Education.
- 27 1. Kentucky Board of Education.

1 (i) Department for Libraries and Archives.

2 (j) Department of Workforce Investment.

3 1. Office for the Blind.

4 2. Office of Vocational Rehabilitation.

5 3. Office of Career and Technical Education.

6 4. Office of Employment and Training.

7 (k) Foundation for Workforce Development.

8 (l) Kentucky Office for the Blind State Rehabilitation Council.

9 (m) Kentucky Technical Education Personnel Board.

10 (n) Kentucky Workforce Investment Board.

11 (o) Statewide Council for Vocational Rehabilitation.

12 (p) Statewide Independent Living Council.

13 (q) Unemployment Insurance Commission.

14 (r) Education Professional Standards Board.

15 1. Division of Educator Preparation.

16 2. Division of Certification.

17 3. Division of Professional Learning and Assessment.

18 4. Division of Legal Services.

19 (s) Kentucky Commission on the Deaf and Hard of Hearing.

20 (t) Kentucky Educational Television.

21 (u) Kentucky Environmental Education Council ~~Department of Education.~~

22 ~~(1) Kentucky Board of Education.~~

23 ~~(b) Department for Libraries and Archives.~~

24 ~~(c) Kentucky Educational Television.~~

25 ~~(d) Kentucky Commission on the Deaf and Hard of Hearing.~~

26 ~~(e) Operations and Development Office.~~

27 ~~(f) Board of Directors for the Center for School Safety].~~

1 3. Environmental and Public Protection Cabinet:

2 (a) Office of the Secretary.

- 3 1. Office of Legislative and Intergovernmental Affairs.
- 4 2. Office of Communications and Public Outreach.
- 5 3. Office of Regulatory Affairs.
- 6 4. Office of Legal Services.
- 7 5. Office of Administrative and Information Services.
- 8 6. Office of Administrative Hearings.
- 9 7. Office of Inspector General.
- 10 8. Mine Safety Review Commission.
- 11 9. Workers' Compensation Board.
- 12 10. Kentucky State Nature Preserves Commission.
- 13 11. Kentucky Environmental Quality Commission.
- 14 12. Kentucky Occupational Safety and Health Review Commission.

15 (b) Department for Environmental Protection.

- 16 1. Office of the Commissioner.
- 17 2. Division of Air Quality.
- 18 3. Division of Water.
- 19 4. Division of Environmental Services.
- 20 5. Division of Waste Management.
- 21 6. Division of Enforcement.
- 22 7. Division of Compliance Assistance.

23 (c) Department for Natural Resources.

- 24 1. Office of the Commissioner.
- 25 2. Office of Technical and Administrative Support.
- 26 3. Division of Mine Permits.
- 27 4. Division of Mine Reclamation and Enforcement.

- 1 5. Division of Abandoned Mine Lands.
- 2 6. Division of Oil and Gas Conservation.
- 3 7. Office of Mine Safety and Licensing.
- 4 8. Division of Forestry.
- 5 9. Division of Conservation.
- 6 (d) Department of Public Protection.
- 7 1. Office of the Commissioner.
- 8 2. Division of Administrative Services.
- 9 3. Crime Victims Compensation Board.
- 10 4. Board of Claims.
- 11 5. Board of Tax Appeals.
- 12 6. Kentucky Boxing and Wrestling Authority.
- 13 7. Kentucky Horse Racing Authority.
- 14 8. Kentucky Public Service Commission.
- 15 9. Office of Alcoholic Beverage Control.
- 16 10. Office of Charitable Gaming.
- 17 11. Office of Financial Institutions.
- 18 12. Office of Housing, Buildings and Construction.
- 19 13. Office of Insurance.
- 20 (e) Department of Labor.
- 21 1. Office of the Commissioner.
- 22 2. Office of Occupational Safety and Health.
- 23 3. Office of Labor Management Relations and Mediation.
- 24 4. Office of Workplace Standards.
- 25 5. Office of Workers' Claims.
- 26 6. Workers' Compensation Funding Commission.
- 27 7. Kentucky Labor Management Advisory Council.

- 1 8. Occupational Safety and Health Standards Board.
- 2 9. Prevailing Wage Review Board.
- 3 10. Kentucky Employees Insurance Association.
- 4 11. Apprenticeship and Training Council.
- 5 12. State Labor Relations Board.
- 6 13. Workers' Compensation Advisory Council.
- 7 14. Workers' Compensation Nominating Commission.
- 8 15. Employers' Mutual Insurance Authority.
- 9 16. Division of Administrative Services.
- 10 4. Transportation Cabinet:
- 11 (a) Department of Highways.
- 12 1. Office of Program Planning and Management.
- 13 2. Office of Project Development.
- 14 3. Office of Construction and Operations.
- 15 4. Office of Intermodal Programs.
- 16 5. Highway District Offices One through Twelve.
- 17 (b) Department of Vehicle Regulation.
- 18 (c) Department of Administrative Services.
- 19 (d) Department of Aviation.
- 20 (e) Department of Intergovernmental Programs.
- 21 1. Office of Transportation Enhancement Programs.
- 22 2. Office of Rural and Secondary Roads.
- 23 (f) Office of the Secretary.
- 24 1. Office of Legislative and Intergovernmental Affairs.
- 25 2. Office of Public Affairs.
- 26 3. Office of Transportation Delivery.
- 27 4. Office for Business and Occupational Development.

- 1 5. Office of Budget and Fiscal Management.
- 2 6. Office of Legal Services.
- 3 7. Office of Inspector General.
- 4 8. Office of the Transportation Operations Center.
- 5 9. Office of Personnel Management.
- 6 5. Cabinet for Economic Development:
 - 7 (a) Office of Administration and Support.
 - 8 (b) Department for New Business Development.
 - 9 (c) Department of Financial Incentives.
 - 10 (d) Department for Existing Business Development.
 - 11 (e) Department for Regional Development.
 - 12 (f) Tobacco Research Board.
 - 13 (g) Kentucky Economic Development Finance Authority.
 - 14 (h) Office of Research and Information Technology.
 - 15 (i) Department of Innovation and Commercialization for a Knowledge
 - 16 Based Economy.
 - 17 (j) Office of Legal Services.
 - 18 (k) Commission on Small Business Advocacy.
- 19 6. Cabinet for Health and Family Services:
 - 20 (a) Department for Public Health.
 - 21 (b) Department for Medicaid Services.
 - 22 (c) Department for Mental Health and Mental Retardation Services.
 - 23 (d) Kentucky Commission for Children with Special Health Care Needs.
 - 24 (e) Office of Certificate of Need.
 - 25 (f) Office of the Secretary.
 - 26 (g) Office of Legal Services.
 - 27 (h) Office of Inspector General.

- 1 (i) Office of Legislative and Public Affairs.
- 2 (j) Department for Community Based Services.
- 3 (k) Department for Disability Determination Services.
- 4 (l) Office of the Ombudsman.
- 5 (m) Department for Human Support Services.
- 6 (n) Kentucky Commission on Community Volunteerism and Service.
- 7 (o) Office of Fiscal Services.
- 8 (p) Office of Human Resource Management.
- 9 (q) Office of Technology.
- 10 (r) Office of Contract Oversight.
- 11 7. Finance and Administration Cabinet:
- 12 (a) Office of General Counsel.
- 13 (b) Office of the Controller.
- 14 (c) Office of Administrative Services.
- 15 (d) Office of Public Information.
- 16 (e) Department for Facilities and Support Services.
- 17 (f) Department of Revenue.
- 18 (g) Commonwealth Office of Technology.
- 19 (h) State Property and Buildings Commission.
- 20 (i) Kentucky Savings Bond Authority.
- 21 (j) Office of Equal Employment Opportunity and Contract Compliance.
- 22 (k) County Officials Compensation Board.
- 23 (l) Kentucky Employees Retirement Systems.
- 24 (m) Commonwealth Credit Union.
- 25 (n) State Investment Commission.
- 26 (o) Kentucky Housing Corporation.
- 27 (p) Kentucky Local Correctional Facilities Construction Authority.

- 1 (q) Kentucky Turnpike Authority.
- 2 (r) Historic Properties Advisory Commission.
- 3 (s) Kentucky Tobacco Settlement Trust Corporation.
- 4 (t) Eastern Kentucky Exposition Center Corporation.
- 5 (u) State Board for Proprietary Education.
- 6 (v) Kentucky Higher Education Assistance Authority.
- 7 (w) Kentucky River Authority.
- 8 (x) Kentucky Teachers' Retirement System Board of Trustees.
- 9 8. Commerce Cabinet:
- 10 (a) Department of Tourism.
- 11 (1) Division of Tourism Services.
- 12 (2) Division of Marketing and Advertising.
- 13 (3) Division of Parks Marketing.
- 14 (b) Kentucky Department of Parks.
- 15 (1) Division of Information Technology.
- 16 (2) Division of Personnel and Payroll.
- 17 (3) Division of Financial Operations.
- 18 (4) Division of Facilities Management.
- 19 (5) Division of Project Administration.
- 20 (6) Division of Customer Services.
- 21 (7) Division of Recreation.
- 22 (8) Division of Golf Courses.
- 23 (9) Division of Food Services.
- 24 (10) Division of Rangers.
- 25 (11) Division of Eastern Parks.
- 26 (12) Division of Southern Parks.
- 27 (13) Division of Western Parks.

- 1 (c) Department of Fish and Wildlife Resources.
 - 2 (1) Division of Law Enforcement.
 - 3 (2) Division of Administrative Services.
 - 4 (3) Division of Engineering.
 - 5 (4) Division of Fisheries.
 - 6 (5) Division of Information and Education.
 - 7 (6) Division of Wildlife.
 - 8 (7) Division of Public Affairs.
- 9 (d) Kentucky Horse Park.
 - 10 (1) Division of Support Services.
 - 11 (2) Division of Buildings and Grounds.
 - 12 (3) Division of Operational Services.
- 13 (e) Kentucky State Fair Board.
 - 14 (1) Division of Expositions and Admission.
 - 15 (2) Division of Kentucky Fair and Exposition Center Operations.
 - 16 (3) Division of Commonwealth Convention Center.
 - 17 (4) Division of Public Relations and Media.
 - 18 (5) Division of Administrative Services.
 - 19 (6) Division of Personnel Management and Staff Development.
 - 20 (7) Division of Sales.
 - 21 (8) Division of Security and Traffic Control.
- 22 (f) Office of the Secretary.
- 23 (g) Office of Finance and Administration.
- 24 (h) Office of Legal Affairs.
- 25 (i) Office of Intergovernmental Affairs.
- 26 (j) Office of Human Resources.
- 27 (k) Office of Public Affairs and Constituent Services.

- (l) Office of Information Technology.
- (m) Office of Purchase and Procurement.
- (n) Office of Creative Services.
- (o) Office of Capital Plaza Operations.
- (p) Office of Energy Policy.
- (q) Coal Marketing and Export.
- (r) *Kentucky African-American Heritage Commission.*
- (s) Kentucky Coal Council.
- ~~(t)~~[(s)] Kentucky Foundation for the Arts.
- ~~(u)~~[(t)] Kentucky Humanities Council.
- ~~(v)~~[(u)] Kentucky Heritage Council.
- ~~(w)~~[(v)] Kentucky Arts Council.
- ~~(x)~~[(w)] Kentucky Historical Society.
- (1) Division of Museums.
- (2) Division of Oral History and Educational Outreach.
- (3) Division of Research and Publications.
- (4) Division of Administration.
- ~~(y)~~[(x)] Kentucky Center for the Arts.
- (1) Division of Governor's School for the Arts.
- ~~(z)~~[(y)] Kentucky Artisans Center at Berea.
- (aa) Martin Luther King Commission.*

9. ~~— Cabinet for Workforce Development:~~

- ~~(a) — Department for Adult Education and Literacy.~~
- ~~(b) — Department for Technical Education.~~
- ~~(c) — Department of Vocational Rehabilitation.~~
- ~~(d) — Department for the Blind.~~
- ~~(e) — Department for Employment Services.~~

- 1 ~~(f) — Kentucky Technical Education Personnel Board.~~
- 2 ~~(g) — The Foundation for Adult Education.~~
- 3 ~~(h) — Department for Training and Reemployment.~~
- 4 ~~(i) — Office of General Counsel.~~
- 5 ~~(j) — Office of Communication Services.~~
- 6 ~~(k) — Office of Workforce Partnerships.~~
- 7 ~~(l) — Office of Workforce Analysis and Research.~~
- 8 ~~(m) — Office of Budget and Administrative Services.~~
- 9 ~~(n) — Office of Technology Services.~~
- 10 ~~(o) — Office of Quality and Human Resources.~~
- 11 ~~(p) — Unemployment Insurance Commission.~~

12 ~~10.]~~ Personnel Cabinet:

- 13 (a) Office of the Secretary.
- 14 (b) Department for Personnel Administration.
- 15 (c) Office for Employee Relations.
- 16 (d) Kentucky Public Employees Deferred Compensation Authority.
- 17 (e) Office of Administrative Services.
- 18 (f) Office of Legal Services.
- 19 (g) Office of Government Training.
- 20 (h) Department for Employee Insurance.

21 III. Other departments headed by appointed officers:

- 22 1. Department of Military Affairs.
- 23 2.~~.[— Council on Postsecondary Education.~~
- 24 3.~~.]~~ Department for Local Government.
- 25 3.~~[4.]~~ Kentucky Commission on Human Rights.
- 26 4.~~[5.]~~ Kentucky Commission on Women.
- 27 5.~~[6.]~~ Department of Veterans' Affairs.

1 6.~~[7.]~~ Kentucky Commission on Military Affairs.

2 ~~[8.— Education Professional Standards Board.]~~

3 7.~~[9.]~~ Office of Minority Empowerment.

4 Section 4. KRS 12.023 is amended to read as follows:

5 The following organizational units and administrative bodies shall be attached to the
6 Office of the Governor:

7 (1)~~[(1) Council on Postsecondary Education;~~

8 (2)~~[(2) Department of Military Affairs;~~

9 (2)~~[(3)]~~ Department for Local Government;

10 (3)~~[(4)]~~ Kentucky Commission on Human Rights;

11 (4)~~[(5)]~~ Kentucky Commission on Women;

12 (5)~~[(6)]~~ Kentucky Commission on Military Affairs;

13 (6)~~[(7)]~~ Governor's Scholars Program;

14 (7)~~[(8)]~~ Agricultural Development Board;

15 ~~[(9) Office of Early Childhood Development;]~~

16 (8)~~[(10)]~~ Kentucky Agency for Substance Abuse Policy;

17 ~~[(11) Education Professional Standards Board;]~~

18 (9)~~[(12)]~~ Kentucky Agricultural Finance Corporation; and

19 (10)~~[(13)]~~ Office of Minority Empowerment.

20 Section 5. KRS 12.250 is amended to read as follows:

21 There are established within state government the following program cabinets:

22 (1) Justice Cabinet.

23 (2) Education~~[, Arts, and Humanities]~~ Cabinet.

24 (3) Environmental and Public Protection Cabinet.

25 (4) Transportation Cabinet.

26 (5) Cabinet for Economic Development.

27 (6) Cabinet for Health and Family Services.

- 1 (7) Finance and Administration Cabinet.
- 2 (8) Commerce Cabinet.
- 3 (9)~~[- Cabinet for Workforce Development.~~
- 4 ~~(10)~~ Personnel Cabinet.

5 Section 6. KRS 12.332 is amended to read as follows:

6 KY-ASAP shall:

- 7 (1) Develop a strategic plan to reduce the prevalence of smoking and drug and alcohol
- 8 abuse among both the youth and adult populations in Kentucky;
- 9 (2) Monitor the data and issues related to youth alcohol and tobacco access, smoking
- 10 cessation and prevention, and substance abuse policies, their impact on state and
- 11 local programs, and their flexibility to adapt to the needs of local communities and
- 12 service providers;
- 13 (3) Make policy recommendations to be followed to the extent permitted by budgetary
- 14 restrictions and federal law, by executive branch agencies that work with smoking
- 15 cessation and prevention and alcohol and substance abuse issues to ensure the
- 16 greatest efficiency in agencies and to ensure that a consistency in philosophy will be
- 17 applied to all efforts undertaken by the administration in initiatives related to
- 18 smoking cessation and prevention and alcohol and substance abuse;
- 19 (4) Identify existing resources in each community that advocate or implement programs
- 20 for smoking cessation or prevention, or drug and alcohol abuse prevention,
- 21 education, or treatment;
- 22 (5) Encourage coordination among public and private, state and local, agencies,
- 23 organizations, and service providers, and monitor related programs;
- 24 (6) Act as the referral source of information, utilizing existing information
- 25 clearinghouse resources within the Department for Public Health and CHAMPIONS
- 26 for a Drug Free Kentucky Office, relating to youth tobacco access, smoking
- 27 cessation and prevention, and substance abuse prevention, cessation, and treatment

- 1 programs. KY-ASAP shall identify gaps in information referral sources;
- 2 (7) Search for grant opportunities for existing programs within the Commonwealth;
- 3 (8) Make recommendations to state and local agencies and local tobacco addiction and
4 substance abuse advisory and coordination boards;
- 5 (9) Observe programs from other states;
- 6 (10) Coordinate services among local and state agencies, including, but not limited to,
7 the Justice Cabinet, the Cabinet for Health and Family Services, the Department of
8 Agriculture, the Environmental and Public Protection Cabinet, the Administrative
9 Office of the Courts, and the Education~~[Arts, and Humanities]~~ Cabinet;
- 10 (11) Assure the availability of training, technical assistance, and consultation to local
11 service providers for programs funded by the Commonwealth that provide services
12 related to tobacco addiction, smoking cessation or prevention, or alcohol or
13 substance abuse;
- 14 (12) Review existing research on programs related to smoking cessation and prevention
15 and substance abuse prevention and treatment;
- 16 (13) Comply with any federal mandate regarding smoking cessation and prevention and
17 substance abuse, to the extent authorized by state statute;
- 18 (14) Establish a mechanism to coordinate the distribution of funds to support any local
19 prevention, treatment, and education program based on the strategic plan developed
20 in subsection (1) of this section that could encourage smoking cessation and
21 prevention through efficient, effective, and research-based strategies;
- 22 (15) Oversee a school-based initiative that links schools with community-based agencies
23 and health departments to implement School Programs to Prevent Tobacco Use,
24 based upon the model recommended by the Centers for Disease Control and
25 Prevention. To the extent permitted by resources, the initiative shall involve input
26 by and services from each of the family resource and youth services centers,
27 regional prevention centers, and existing school-based antidrug programs;

- 1 (16) Work with community-based organizations to encourage them to work together to
2 establish comprehensive tobacco addiction and substance abuse prevention
3 education programs and carry out the strategic plan developed in this section. These
4 organizations shall be encouraged to partner with district and local health
5 departments and community mental health centers to plan and implement
6 interventions to reach youths before tobacco addiction and substance abuse become
7 a problem in their lives;
- 8 (17) Coordinate media campaigns designed to demonstrate the negative impact of
9 smoking and the increased risk of tobacco addiction, substance abuse, and the
10 development of other disease in children, young people, and adults. To accomplish
11 this objective, KY-ASAP shall work with local media to reach all segments of the
12 community quickly and efficiently;
- 13 (18) Certify to the Governor and the General Assembly during the budget request
14 process established under KRS Chapter 48 the extent to which each entity receiving
15 state funds has cooperated with KY-ASAP, coordinated with community resources,
16 and vigorously pursued the philosophy of KY-ASAP;
- 17 (19) Promulgate any administrative regulations necessary to implement KRS 12.330 to
18 12.334; and
- 19 (20) Report to the Legislative Research Commission and Governor by October 1, 2000,
20 regarding the proper organization of state government agencies that will provide the
21 greatest coordination of services, and report semiannually to the Legislative
22 Research Commission and Governor on the proper organization structure, devising
23 and implementing an accountability system to be designed to ensure efficiency and
24 efficacy of services and grants, and on other matters as requested by the Legislative
25 Research Commission and Governor.
- 26 Section 7. KRS 12.515 is amended to read as follows:
- 27 (1) The following agencies shall designate a liaison to the Office for Faith-Based and

1 Community Nonprofit Social Services:

- 2 (a) The Cabinet for Health and Family Services;
- 3 (b) The Department of Workforce Investment~~[Workforce Development~~
4 ~~Cabinet]~~;
- 5 (c) The Education~~[, Arts, and Humanities]~~ Cabinet;
- 6 (d) The Department of Agriculture;
- 7 (e) The Kentucky Housing Corporation;
- 8 (f) The Environmental and Public Protection Cabinet; and
- 9 (g) The Economic Development Cabinet.

10 (2) Each agency identified in subsection (1) of this section shall, in cooperation and
11 coordination with the Office for Faith-Based and Community Nonprofit Social
12 Services:

- 13 (a) Review and evaluate existing policies that affect government funding
14 opportunities for faith-based and nonprofit community organizations and
15 report to the office, within ninety (90) days of June 20, 2005, actions
16 necessary to implement KRS 12.510; and
- 17 (b) Amend existing policies and administrative regulations or implement new
18 policies or administrative regulations in accordance with KRS Chapter 13A
19 consistent with the principles established in KRS 12.500 to 12.520.

20 Section 8. KRS 13B.020 is amended to read as follows:

- 21 (1) The provisions of this chapter shall apply to all administrative hearings conducted
22 by an agency, with the exception of those specifically exempted under this section.
23 The provisions of this chapter shall supersede any other provisions of the Kentucky
24 Revised Statutes and administrative regulations, unless exempted under this section,
25 to the extent these other provisions are duplicative or in conflict. This chapter
26 creates only procedural rights and shall not be construed to confer upon any person
27 a right to hearing not expressly provided by law.

- 1 (2) The provisions of this chapter shall not apply to:
 - 2 (a) Investigations, hearings to determine probable cause, or any other type of
 - 3 information gathering or fact finding activities;
 - 4 (b) Public hearings required in KRS Chapter 13A for the promulgation of
 - 5 administrative regulations;
 - 6 (c) Any other public hearing conducted by an administrative agency which is
 - 7 nonadjudicatory in nature and the primary purpose of which is to seek public
 - 8 input on public policy making;
 - 9 (d) Military adjudicatory proceedings conducted in accordance with KRS Chapter
 - 10 35;
 - 11 (e) Administrative hearings conducted by the legislative and judicial branches of
 - 12 state government;
 - 13 (f) Administrative hearings conducted by any city, county, urban-county, charter
 - 14 county, or special district contained in KRS Chapters 65 to 109, or any other
 - 15 unit of local government operating strictly in a local jurisdictional capacity;
 - 16 (g) Informal hearings which are part of a multilevel hearing process that affords
 - 17 an administrative hearing at some point in the hearing process if the
 - 18 procedures for informal hearings are approved and promulgated in accordance
 - 19 with subsections (4) and (5) of this section;
 - 20 (h) Limited exemptions granted for specific hearing provisions and denoted by
 - 21 reference in the text of the applicable statutes or administrative regulations;
 - 22 (i) Administrative hearings exempted pursuant to subsection (3) of this section;
 - 23 (j) Administrative hearings exempted, in whole or in part, pursuant to
 - 24 subsections (4) and (5) of this section; and
 - 25 (k) Any administrative hearing which was commenced but not completed prior to
 - 26 July 15, 1996.
- 27 (3) The following administrative hearings are exempt from application of this chapter

1 in compliance with 1994 Ky. Acts ch. 382, sec. 19:

2 (a) Finance and Administration Cabinet

3 1. Higher Education Assistance Authority

4 a. Wage garnishment hearings conducted under authority of 20
5 U.S.C. sec. 1095a and 34 C.F.R. sec. 682.410

6 b. Offset hearings conducted under authority of 31 U.S.C. sec. 3720A
7 and sec. 3716, and 34 C.F.R. sec. 30.33

8 (b) Cabinet for Health and Family Services

9 1. Office of Certificate of Need

10 a. Certificate-of-need hearings and licensure conducted under
11 authority of KRS Chapter 216B

12 b. Licensure revocation hearings conducted under authority of KRS
13 Chapter 216B

14 2. Department for Community Based Services

15 a. Supervised placement revocation hearings conducted under
16 authority of KRS Chapter 630

17 3. Department for Disability Determination Services

18 a. Disability determination hearings conducted under authority of 20
19 C.F.R. sec. 404

20 (c) Justice Cabinet

21 1. Department of State Police

22 a. State Police Trial Board disciplinary hearings conducted under
23 authority of KRS Chapter 16

24 2. Department of Corrections

25 a. Parole Board hearings conducted under authority of KRS Chapter
26 439

27 b. Prison adjustment committee hearings conducted under authority

- 1 of KRS Chapter 197
- 2 c. Prison grievance committee hearings conducted under authority of
- 3 KRS Chapters 196 and 197
- 4 3. Department of Juvenile Justice
- 5 a. Supervised placement revocation hearings conducted under KRS
- 6 Chapter 635
- 7 (d) Environmental and Public Protection Cabinet
- 8 1. Department for Natural Resources
- 9 a. Surface mining hearings conducted under authority of KRS
- 10 Chapter 350
- 11 2. Department for Environmental Protection
- 12 a. Wild River hearings conducted under authority of KRS Chapter
- 13 146
- 14 b. Water resources hearings conducted under authority of KRS
- 15 Chapter 151
- 16 c. Water plant operator and water well driller hearings conducted
- 17 under authority of KRS Chapter 223
- 18 d. Environmental protection hearings conducted under authority of
- 19 KRS Chapter 224
- 20 e. Petroleum Storage Tank Environmental Assurance Fund hearings
- 21 under authority of KRS Chapter 224
- 22 3. Office of Workers' Claims
- 23 a. Workers' compensation hearings conducted under authority of
- 24 KRS Chapter 342
- 25 4. Kentucky Occupational Safety and Health Review Commission
- 26 a. Occupational safety and health hearings conducted under authority
- 27 of KRS Chapter 338

- 1 5. Department of Public Protection
- 2 a. Board of Claims
- 3 i Liability hearings conducted under authority of KRS Chapter
- 4 44
- 5 b. Public Service Commission
- 6 i Utility hearings conducted under authority of KRS Chapters
- 7 74, 278, and 279
- 8 (e) Education Cabinet~~[for Workforce Development]~~
- 9 1.~~[Department for Employment Services~~
- 10 a.] Unemployment Insurance hearings conducted under authority of
- 11 KRS Chapter 341
- 12 (f) Secretary of State
- 13 1. Registry of Election Finance
- 14 a. Campaign finance hearings conducted under authority of KRS
- 15 Chapter 121
- 16 (g) State universities and colleges
- 17 1. Student suspension and expulsion hearings conducted under authority of
- 18 KRS Chapter 164
- 19 2. University presidents and faculty removal hearings conducted under
- 20 authority of KRS Chapter 164
- 21 3. Campus residency hearings conducted under authority of KRS Chapter
- 22 164
- 23 4. Family Education Rights to Privacy Act hearings conducted under
- 24 authority of 20 U.S.C. sec. 1232 and 34 C.F.R. sec. 99
- 25 5. Federal Health Care Quality Improvement Act of 1986 hearings
- 26 conducted under authority of 42 U.S.C. sec. 11101 to 11115 and KRS
- 27 Chapter 311.

- 1 (4) Any administrative hearing, or portion thereof, may be certified as exempt by the
2 Attorney General based on the following criteria:
- 3 (a) The provisions of this chapter conflict with any provision of federal law or
4 regulation with which the agency must comply, or with any federal law or
5 regulation with which the agency must comply to permit the agency or
6 persons within the Commonwealth to receive federal tax benefits or federal
7 funds or other benefits;
- 8 (b) Conformity with the requirement of this chapter from which exemption is
9 sought would be so unreasonable or so impractical as to deny due process
10 because of undue delay in the conduct of administrative hearings; or
- 11 (c) The hearing procedures represent informal proceedings which are the
12 preliminary stages or the review stages of a multilevel hearing process, if the
13 provisions of this chapter or the provisions of a substantially equivalent
14 hearing procedure exempted under subsection (3) of this section are applied at
15 some level within the multilevel process.
- 16 (5) The Attorney General shall not exempt an agency from any requirement of this
17 chapter until the agency establishes alternative procedures by administrative
18 regulation which, insofar as practical, shall be consistent with the intent and purpose
19 of this chapter. When regulations for alternative procedures are submitted to the
20 Administrative Regulation Review Subcommittee, they shall be accompanied by the
21 request for exemption and the approval of exemption from the Attorney General.
22 The decision of the Attorney General, whether affirmative or negative, shall be
23 subject to judicial review in the Franklin Circuit Court within thirty (30) days of the
24 date of issuance. The court shall not overturn a decision of the Attorney General
25 unless the decision was arbitrary or capricious or contrary to law.
- 26 (6) Except to the extent precluded by another provision of law, a person may waive any
27 procedural right conferred upon that person by this chapter.

1 Section 9. KRS 18A.450 is amended to read as follows:

2 Nothing in KRS 18A.400 to 18A.450 shall prohibit the commissioner of the Department
 3 of Workforce Investment~~[secretary of the Cabinet for Workforce Development]~~ or the
 4 commissioner of the Department of State Police from developing pilot programs
 5 consistent with the provisions of KRS 18A.400 to 18A.450. To the extent that pilot
 6 programs are approved by these agencies, in no event shall the total number employees
 7 participating in these programs statewide exceed twenty percent (20%) of the permanent,
 8 full-time state employees employed on July 15, 1994.

9 Section 10. KRS 42.4592 is amended to read as follows:

10 (1) Moneys remaining in the local government economic development fund following
 11 the transfer of moneys to the local government economic assistance fund provided
 12 for in KRS 42.4585 and following the transfer of moneys to the secondary wood
 13 products development fund provided for in KRS 42.4586 shall be allocated as
 14 follows:

15 (a) Thirty-three and one-third percent (33-1/3%) shall be allocated to each coal
 16 producing county on the basis of the ratio of total tax collected in the current
 17 and preceding four years on coal severed in each respective county to the total
 18 tax collected statewide in the current and four (4) preceding years.

19 (b) Thirty-three and one-third percent (33-1/3%) shall be allocated quarterly to
 20 each coal producing county on the basis of the following factors, which shall
 21 be computed for the current and four (4) preceding years, and which shall be
 22 equally weighted:

- 23 1. Percentage of employment in mining in relation to total employment in
 24 the respective county;
- 25 2. Percentage of earnings from mining in relation to total earnings in the
 26 respective county; and
- 27 3. Surplus labor rate.

1 (c) Thirty-three and one-third percent (33-1/3%) shall be reserved for expenditure
 2 for industrial development projects benefiting two or more coal producing
 3 counties. For purposes of this paragraph, "coal producing county" shall mean a
 4 county which has produced coal in the current or any one of the four (4)
 5 preceding years.

6 (2) (a) For purposes of paragraph (b) of subsection (1) of this section, "percentage of
 7 employment in mining" and "percentage of earnings from mining" shall be the
 8 percentages published for the latest available five (5) year period by the
 9 Bureau of Economic Analysis in the United States Department of Commerce;
 10 "surplus labor rate" shall be the rate published for the latest available five (5)
 11 year period by the Office of Employment and Training~~[Department of~~
 12 ~~Employment Services]~~ in the Education Cabinet~~[for Workforce~~
 13 ~~Development]~~, as provided in paragraph (b) of this subsection.

14 (b) 1. Each year the Office of Employment and Training~~[Department for~~
 15 ~~Employment Services]~~ shall estimate surplus labor for each county and
 16 for the Commonwealth, and shall annually publish an estimate of the
 17 surplus labor rate for each county and the Commonwealth.
 18 2. The estimate of surplus labor for each county and for the
 19 Commonwealth shall be made using the best practical method available
 20 at the time the estimates are made. In determining the method to be
 21 adopted, the Office of Employment and Training~~[Department of~~
 22 ~~Employment Services]~~ may consult with knowledgeable individuals
 23 including, but not limited to, the Office of the United States Bureau of
 24 Labor Statistics, state and national researchers, state and local officials,
 25 and staff of the Legislative Research Commission. The description of
 26 the method used to estimate surplus labor shall be reported in each
 27 annual publication provided for in subparagraph 1. of this paragraph.

1 3. For purposes of this section, "surplus labor" means the total number of
 2 residents who can be classified as unemployed or as discouraged
 3 workers, and "surplus labor rate" means the percentage of the potential
 4 civilian labor force which is surplus labor.

5 (3) The funds allocated under the provisions of paragraphs (a) and (b) of subsection (1)
 6 of this section shall retain their identity with respect to the county to which they are
 7 attributable, and a separate accounting of available moneys within the fund shall be
 8 maintained for the respective counties. Accounting for funds allocated under the
 9 provisions of this section shall be by the Department for Local Government.

10 Section 11. KRS 45A.470 is amended to read as follows:

11 (1) All governmental bodies and political subdivisions of this state shall, when
 12 purchasing commodities or services, give first preference to the products made by
 13 the Department of Corrections, Division of Prison Industries, as required by KRS
 14 197.210. Second preference shall be given to the Kentucky industries for the blind
 15 as described in KRS 163.450 to 163.470 through June 30, 2000, and thereafter to
 16 any products produced by Kentucky Industries for the Blind, Incorporated or any
 17 other nonprofit corporation with which the Office~~Department~~ for the Blind
 18 contracts under KRS 163.480(2) to further the purposes of KRS Chapter 163 and
 19 agencies of individuals with severe disabilities as described in KRS 45A.465.

20 (2) The Finance and Administration Cabinet shall make a list of commodities and
 21 services provided by these agencies and organizations available to all governmental
 22 bodies and political subdivisions. The list shall identify in detail the commodity or
 23 service the agency or organization may supply and the price.

24 (3) The Finance and Administration Cabinet shall annually determine the current price
 25 range for the commodities and services offered from its experience in purchasing
 26 these commodities or services on the open market. The prices quoted by these
 27 agencies or organizations shall not exceed the current price range.

1 (4) The Office~~[Department]~~ for the Blind within the Education Cabinet~~[for Workforce~~
 2 ~~Development]~~ and qualified agencies for individuals with severe disabilities shall
 3 annually cause to be made available to the Finance and Administration Cabinet,
 4 lists of the products or services available.

5 (5) If two (2) or more of the agencies or qualified nonprofit organizations wish to
 6 supply identical commodities or services, the Finance and Administration Cabinet
 7 shall conduct negotiations with the parties to determine which shall be awarded the
 8 contract. The decision of the Finance and Administration Cabinet shall be based
 9 upon quality of the commodity or service and the ability of the respective agencies
 10 to supply the commodity or service within the requested delivery time.

11 Section 12. KRS 45.001 is amended to read as follows:

12 (1) The Capital Development Committee is created. The committee shall ensure the
 13 proper coordination of state government initiatives which impact the City of
 14 Frankfort and Franklin County government and are unique to the seat of state
 15 government.

16 (2) The committee shall meet at least semiannually at a time and place announced by
 17 the chairperson.

18 (3) The membership of the committee shall consist of the following members or their
 19 designees:

20 (a) The mayor of the city of Frankfort;

21 (b) The county judge/executive of Franklin County;

22 (c) The secretary of the Finance and Administration Cabinet;

23 (d) The secretary of the Commerce Cabinet;

24 (e) The secretary of the Education~~[Arts, and Humanities]~~ Cabinet;

25 (f) The commissioner of the Department of Tourism;

26 (g) The executive director of the Office of Capital Plaza Operations;

27 (h) The chairman of the Frankfort/Franklin County Tourist and Convention

1 Commission;

2 (i) A citizen at large, who is a resident of Franklin County, appointed by the
3 Franklin County judge/executive; and

4 (j) A citizen at large, who is a resident of Frankfort, appointed by the mayor of
5 the city of Frankfort.

6 The citizen-at-large members of the committee shall be appointed to a term of four
7 (4) years each.

8 (4) The Governor shall appoint the chairperson of the committee.

9 (5) Members of the committee shall serve without compensation.

10 (6) The Office of Capital Plaza Operations shall provide administrative support to the
11 committee.

12 Section 13. KRS 61.525 is amended to read as follows:

13 Membership in the system shall consist of the following:

14 (1) All persons who become employees of a participating department after the date such
15 department first participates in the system, except a person who did not elect
16 membership pursuant to KRS 61.545(3);

17 (2) (a) All persons who are employees of a department on the date the department
18 first participates in the system, either in service or on authorized leave from
19 service, and who elect within thirty (30) days following the department's
20 participation, or in the case of persons on authorized leave, within thirty (30)
21 days of their return to active service, to become members and thereby agree to
22 make contributions as provided in KRS 61.515 to 61.705;

23 (b) All persons who are employees of a department who did not elect to
24 participate within thirty (30) days of the date the department first participated
25 in the system or within thirty (30) days of their return to active service and
26 who subsequently elect to participate the first day of a month after the
27 department's date of participation;

- 1 (3) All persons who are employees of any credit union whose membership was initially
2 limited to employees of state government and their families and which subsequently
3 may have been extended to local government employees and their families;
- 4 (4) All persons who were professional staff employees of the Council on Postsecondary
5 Education or the Higher Education Assistance Authority and were contributing to
6 the system on the effective date of Executive Order 74-762 or 75-964, respectively,
7 and file a written election of their desire to continue in the system and all
8 administrative and professional staff employees of the Higher Education Assistance
9 Authority who, on or after January 1, 1993, are not participating in another
10 retirement plan sponsored by the Higher Education Assistance Authority;
- 11 (5) All persons who were professional staff employees of the Kentucky Authority for
12 Educational Television on and after July 1, 1974;
- 13 (6) All persons who are employees of the Teachers' Retirement System except
14 employees who are required to participate under the Teachers' Retirement System
15 under KRS 161.220(4)(d);
- 16 (7) Membership in the system shall not include those employees who are
17 simultaneously participating in another state-administered defined benefit plan
18 within Kentucky other than those administered by the Kentucky Retirement
19 Systems, except for employees who have ceased to contribute to one (1) of the
20 state-administered retirement plans as provided in KRS 21.360; and
- 21 (8) Effective January 1, 1998, employees of the Kentucky Community and Technical
22 College System who were previously contributing members and are not required to
23 participate in the Teachers' Retirement System as a member; employees who were
24 previously contributing members transferred from the former Cabinet for
25 Workforce Development as provided in KRS 164.5805(1)(a) and who have not
26 exercised the option to participate in the new Kentucky Community and Technical
27 College personnel system as provided in KRS 164.5805(1)(e); and new employees

as of July 1, 1997, who are not eligible under the Teachers' Retirement System or who are not contributing to an optional retirement plan established by the board of regents for the Kentucky Community and Technical College System.

Section 14. KRS 62.160 is amended to read as follows:

- (1) The state officers elected by the voters of the state at large, except the Governor and ~~the~~[,] Lieutenant Governor, ~~and the Superintendent of Public Instruction,~~ the heads of departments, offices, and cabinets of the state government, the adjutant general, the members of the Public Service Commission, the members of the State Fair Board and Fish and Wildlife Resources Commission, and the members of the Kentucky Board of Tax Appeals and the Alcoholic Beverage Control Board, shall each give bond. The amounts of the bonds shall be fixed by the Governor, which amounts as to those offices set forth in subsection (2) of this section shall be not less than the amounts set forth for the respective offices. At any time when it appears to be to the interest of the Commonwealth, the Governor may increase the penal sum of any bond or require a renewal of the bond with other or additional surety.

- (2) The minimum sum of the bond for the following offices shall be as follows:

Secretary of State	\$10,000
Attorney General	10,000
State Treasurer	300,000
Secretary for economic development	10,000
Commissioner of Agriculture	10,000
Secretary for education [], arts, and humanities]	10,000
Auditor of Public Accounts	25,000
Adjutant general	10,000
Secretary of finance and administration	100,000
Commissioner of revenue	50,000

1	Secretary of transportation	50,000
2	Commissioner of highways	50,000
3	Secretary of justice	50,000
4	Secretary of corrections	25,000
5	Commissioner for public health services	10,000
6	Commissioner of labor	5,000
7	Commissioner for natural resources	50,000
8	State librarian	5,000
9	Executive director of alcoholic beverage control	10,000
10	Executive director of financial institutions	25,000
11	Secretary for environmental and public protection	10,000
12	Executive director of insurance	50,000
13	Commissioner of vehicle regulation	10,000
14	Commissioner of fish and wildlife resources	5,000
15	Secretary for health and family services	20,000
16	Commissioner of environmental protection	10,000
17	Commissioner of public protection and regulation	10,000
18	Secretary of commerce	25,000
19	Commissioner for community based services	20,000
20	Member of the Public Service Commission	10,000
21	Member of State Fair Board	10,000
22	Member of Fish and Wildlife Resources Commission	1,000
23	Member of Kentucky Board of Tax Appeals	10,000
24	Associate member of Alcoholic Beverage Control Board	5,000
25	Commissioner of local government	100,000

26 Section 15. KRS 96A.095 is amended to read as follows:

27 (1) The Transportation Cabinet may receive and accept from the Commonwealth or any

1 of its agencies, including the Cabinet for Health and Family Services and the
 2 Department of Workforce Investment~~[Cabinet for Workforce Development]~~, and
 3 from federal agencies appropriations or grants to promote, develop, and provide
 4 capital and operating subsidies for mass transit services and human service
 5 transportation delivery in Kentucky, and to receive and accept aid or contributions
 6 from any source of either money, property, labor, or other things of value to
 7 promote mass transit services. Subject to the provisions of Section 230 of the
 8 Constitution of the Commonwealth of Kentucky, any of these funds, property, or
 9 things of value received by the Transportation Cabinet may be given directly to any
 10 of the following entities in order to accomplish the purposes of this section:

- 11 (a) A local transit authority as created under this chapter;
- 12 (b) A city;
- 13 (c) A county;
- 14 (d) Other public mass transit providers;
- 15 (e) A nonprofit or public mass transit provider operating under 49 U.S.C. sec.
 16 5310 or 5311; or
- 17 (f) An entity providing human service transportation delivery.

18 (2) The Transportation Cabinet is authorized and directed to apply for any available
 19 federal funds for operating subsidies, either on a matching basis or otherwise and to
 20 make any of these funds received available to any of the following entities in order
 21 to accomplish the purposes of this section:

- 22 (a) A local transit authority as created under this chapter;
- 23 (b) A city;
- 24 (c) A county;
- 25 (d) Other public mass transit providers;
- 26 (e) A nonprofit or public mass transit provider operating under 49 U.S.C. sec.
 27 5310 or 5311; or

(f) An entity promoting or providing transit services such as safety, planning, research, coordination, or training activities.

In those cases where federal laws or regulations preclude the Transportation Cabinet from direct application for this type of federal funds, the cabinet is authorized and directed to provide assistance to any of the entities listed in this subsection as necessary to enable it to apply for and obtain this type of federal funds in order to accomplish the purposes of this section.

(3) The Transportation Cabinet is authorized to assist cities and counties in the formation of local transit authorities in conformance with this chapter, but nothing in this chapter shall be construed as preventing the Transportation Cabinet from providing assistance as authorized in this chapter to cities or counties where local transit authorities do not exist.

(4) The Transportation Cabinet is authorized to contract, in accordance with the provisions of KRS Chapters 45A and 281, with a broker to provide human service transportation delivery within a specific delivery area.

Section 16. KRS 132.193 is amended to read as follows:

(1) Leased personal property exempt from taxation, when such property is held by a natural person, association, or corporation in connection with a business conducted for profit, shall be subject to taxation in the same amount and to the same extent as though the lessee were the owner of the property, except for personal property used in vending stands operated by blind persons under the auspices of the Office~~[Department]~~ for the Blind.

(2) Taxes shall be assessed to lessees of exempt personal property and collected in the same manner as taxes assessed to owners of other personal property, except that taxes due under this section shall not become a lien against the personal property. When due, such taxes shall constitute a debt due from the lessee to the state, county, school district, special district, city, or urban-county government for which the taxes

were assessed and if unpaid shall be recoverable by the state as provided in KRS 134.500.

Section 17. KRS 132.195 is amended to read as follows:

(1) When any real or personal property which for any reason is exempt from taxation is leased or possession otherwise transferred to a natural person, association, partnership, or corporation in connection with a business conducted for profit, the leasehold or other interest in the property shall be subject to state and local taxation at the rate applicable to real or personal property levied by each taxing jurisdiction.

(2) Subsection (1) of this section shall not apply to interests in:

(a) Industrial buildings, as defined under KRS 103.200, owned and financed by a tax-exempt governmental unit or tax-exempt statutory authority under the provisions of KRS Chapter 103, the taxation of which is provided for under the provisions of KRS 132.020 and 132.200;

(b) Federal property for which payments are made in lieu of taxes in amounts equivalent to taxes which might otherwise be lawfully assessed;

(c) Property of any state-supported educational institution;

(d) Vending stand locations and facilities operated by blind persons under the auspices of the Office~~[Department]~~ for the Blind, regardless of whether the property is owned by the federal, state, or a local government; or

(e) Property of any free public library.

(3) Taxes shall be assessed to lessees of exempt real or personal property and collected in the same manner as taxes assessed to owners of other real or personal property, except that taxes due under this section shall not become a lien against the property.

When due, such taxes shall constitute a debt due from the lessee to the state, county, school district, special district, or urban-county government for which the taxes were assessed and if unpaid shall be recoverable by the state as provided in KRS 134.500.

1 Section 18. KRS 146.654 is amended to read as follows:

2 (1) The board of directors of the Kentucky Natural History Museum shall establish the
3 Kentucky Natural History Museum. The board shall implement KRS 146.650 to
4 146.666 to the extent practical prior to operation of the museum. Working to
5 achieve the public purposes that are the goals of implementation of KRS 146.650 to
6 146.666 shall not be dependent on the existence and operation of the museum in a
7 physical place.

8 (2) The board shall be administratively linked to the Commerce~~[Education, Arts, and~~
9 ~~Humanities]~~ Cabinet.

10 (3) To accomplish the purposes of KRS 146.650 to 146.666, the board is authorized to:

- 11 (a) Acquire and hold property by deed, gift, devise, bequest, lease, exchange,
12 purchase, or transfer;
- 13 (b) Plan for, develop, construct, and maintain buildings;
- 14 (c) Enter into agreements with state, federal, or local agencies;
- 15 (d) Employ and contract with individuals, corporations, or other business entities
16 to accomplish the purposes of KRS 146.650 to 146.666;
- 17 (e) Accept and administer appropriations, gifts, grants, devises, and bequests of
18 money, securities, or other items of value; and
- 19 (f) Carry out any other functions necessary to accomplish the purposes of KRS
20 146.650 to 146.666.

21 (4) To accomplish the purposes of KRS 146.650 to 146.666, the board may provide and
22 administer grants to public and private entities.

23 Section 19. KRS 148.562 is amended to read as follows:

24 (1) The authority shall be governed by a board of directors consisting of thirteen (13)
25 members as follows:

- 26 (a) Secretary of the Commerce Cabinet, or his or her designee;
- 27 (b) Secretary of the Transportation Cabinet, or his or her designee;

- 1 (c) Secretary of the Education~~[, Arts, and Humanities]~~ Cabinet, or his or her
2 designee;
- 3 (d) Secretary of the Finance and Administration Cabinet, or his or her designee;
- 4 (e) Three (3) members appointed by the Governor, one (1) to be a representative
5 of the Kentucky Arts Council, and two (2) to be at-large members; and
- 6 (f) Six (6) members appointed by the mayor of the city of Berea to include two
7 (2) representatives of Berea city government, two (2) representatives of Berea
8 College recommended by the president of Berea College, one (1)
9 representative of Eastern Kentucky University recommended by the president
10 of Eastern Kentucky University, and one (1) at-large member.
- 11 (2) Members shall serve for staggered terms of four (4) years beginning August 1,
12 2000, except that of the initial appointments:
 - 13 (a) One (1) appointment by the Governor and two (2) appointments by the mayor
14 of the city of Berea shall each serve a term of four (4) years;
 - 15 (b) Two (2) appointments by the mayor of the city of Berea and one (1)
16 appointment by the Governor shall each serve a term of three (3) years;
 - 17 (c) One (1) appointment by the Governor and one (1) appointment by the mayor
18 of the city of Berea shall each serve a term of two (2) years; and
 - 19 (d) One (1) appointment by the mayor of the city of Berea shall serve a term of
20 one (1) year.
- 21 (3) The Governor shall appoint a chair from among the members of the board.
- 22 (4) A quorum of the board shall consist of seven (7) members, with a majority of
23 members present authorized to act upon any matter legally before the authority.
- 24 (5) A member may be removed by the appointing authority only for neglect of duty,
25 misfeasance, or malfeasance, and after being afforded an opportunity for a hearing
26 in accordance with KRS Chapter 13B, relating to administrative hearings.
- 27 Section 20. KRS 151B.010 is amended to read as follows:

1 As used in this chapter, unless the context indicates otherwise:

- 2 (1) "Appointing authority" means the commissioner for the Department ***of Workforce***
 3 ***Investment***~~[for Technical Education]~~ or any person authorized by the commissioner
 4 to act on behalf of the ***Office of Career and Technical Education***~~[department]~~ with
 5 respect to employee appointments, position establishments, payroll documents,
 6 reemployment lists, waiver requests, or other position actions. The designation shall
 7 be in writing and signed by both the commissioner and the designee.
- 8 (2) "Base salary" means the compensation to which an employee is entitled under the
 9 salary schedule adopted pursuant to the provisions of KRS 151B.035(3)(~~h~~)(~~i~~).
- 10 (3) "Board" means the Kentucky Technical Education Personnel Board established in
 11 KRS 151B.097.
- 12 (4) "Certified employees" means those employees who fill school or educational
 13 assignments requiring the issuance of a certificate. These employees in the ***Office of***
 14 ***Career and***~~[Department for]~~ Technical Education are subject to personnel
 15 administration under this chapter.
- 16 (5) "Class" means a group of positions sufficiently similar as to the duties performed,
 17 scope of discretion and responsibility, minimum requirements of training, and other
 18 characteristics that the same title and the same schedule of compensation have been
 19 or may be applied to each position in the group.
- 20 (6) "Classified" means status as merit system employees under the provisions of KRS
 21 Chapter 18A.
- 22 (7) "Continuing status" means the acquisition of tenure with all rights and privileges
 23 granted by the provisions of this chapter which must be preceded by four (4) years
 24 of successful employment.
- 25 (8) "Demotion" means a change in an employee's position to another class having less
 26 discretion or responsibility.
- 27 (9) "Emergency appointment" means employment for a maximum period of sixty (60)

- 1 days without regard to the certification process for any position in the Office of
 2 Career and~~Department for~~ Technical Education requiring certification or its
 3 equivalent.
- 4 (10) "Employee" means a person regularly employed in a position in the Office of
 5 Career and~~Department for~~ Technical Education for which compensation is on a
 6 full-time or part-time basis.
- 7 (11) "Equivalent employees" means those employees with educational backgrounds
 8 similar to certified personnel in the administration and conduct of educationally
 9 related services. These employees in the Office of Career and~~Department for~~
 10 Technical Education shall be subject to personnel administration under this chapter.
- 11 (12) "Hearing officer" means a member of the board, a person hired for this purpose by
 12 personal service contract, or an assistant Attorney General.
- 13 (13) "Index" means the percentage add-on in a salary structure which compensates for
 14 the scope of discretion and responsibility of the position.
- 15 (14) "Initial probation" means the one (1) year period following initial appointment of
 16 certified and equivalent employees under KRS 151B.070 which requires special
 17 observation and evaluation of a person's work and which must be passed
 18 successfully before eligibility for renewal of limited status.
- 19 (15) "Limited status" means employment that is renewable on an annual basis.
- 20 (16) "Penalization" means actions including demotion, dismissal, suspension,
 21 involuntary transfer, reduction in rank or pay, or the abridgement or denial of rights
 22 granted to state employees or other disciplinary actions.
- 23 (17) "Position" means employment involving duties requiring the services of one (1)
 24 person.
- 25 (18) "Promotion" means changing an employee from a position in one (1) class to a
 26 position in another class carrying a greater scope of discretion and responsibility.
- 27 (19) "Promotional probation" means the twelve (12) month period of service following

1 the promotion of an employee with continuing status which must be successfully
2 completed in order for the employee to remain in the position.

3 (20) "Reemployment" means the rehiring of an employee with continuing status who has
4 been laid off.

5 (21) "Reemployment list" means the separate list of names of persons who have been
6 separated from certified or equivalent positions in the Office of Career
7 and~~[Department for]~~ Technical Education by reason of layoff. Reemployment lists
8 shall be used as provided by the provisions of KRS 151B.080.

9 (22) "Reinstatement" means the restoration of a certified or equivalent employee who
10 has resigned in good standing or who has been ordered reinstated by the board or a
11 court to a position in the former class or to a position of like status and pay.

12 (23) "Seasonal employees" means employees employed in a seasonal position. Seasonal
13 position means a position that is temporary, and which coincides with a particular
14 season or seasons of the year.

15 (24) "Temporary employee" means an employee appointed to a temporary position.
16 Temporary position means a position that is created for a definite period of time.

17 (25) "Transfer" means a movement of any certified or equivalent employee from one
18 position to another having the same salary range and the same level of
19 responsibility.

20 (26) "Unclassified employee" means any temporary or seasonal employee and any
21 employee in a policymaking position who shall be exempt from the state service
22 under KRS Chapter 18A and who is employed in the Office of Career
23 and~~[Department for]~~ Technical Education under this chapter.

24 Section 21. KRS 151B.020 is amended to read as follows:

25 (1) The Education Cabinet~~[for Workforce Development]~~ is hereby created, which
26 shall constitute a cabinet of the state government within the meaning of KRS
27 Chapter 12. The cabinet shall consist of a secretary and those administrative bodies

1 and employees as provided by law.

2 (2) The cabinet, subject to the provisions of KRS Chapter 12, shall be composed of the
3 major organizational units listed below, units listed in Section 3 of this Act, and
4 other departments, divisions, and sections as are from time to time deemed
5 necessary for the proper and efficient operation of the cabinet:

6 (a) The Department of Workforce Investment, which is hereby created and
7 established within the Education Cabinet. The department shall be directed
8 and managed by a commissioner who shall be appointed by the Governor
9 under the provisions of KRS 12.040, and who shall report to the secretary of
10 the Education Cabinet. The department shall be composed of the following
11 offices~~[for Adult Education and Literacy, which is created by KRS~~
12 ~~151B.023];~~

13 1.[(b)] The Office of Career and~~[Department for]~~ Technical Education,
14 which is created by KRS 151B.025;

15 2.[(c)] The Office~~[Department]~~ of Vocational Rehabilitation, which is
16 created by KRS 151B.185;

17 3.[(d)] The Office~~[Department]~~ for the Blind established by KRS
18 163.470;

19 4.[(e)] The Office of Employment and Training~~[Department for~~
20 ~~Employment Services]~~, which is created by KRS 151B.280;

21 (b)[(f)] The Kentucky Technical Education Personnel Board established in KRS
22 151B.097; and

23 ~~[(g)] The Foundation for Adult Education established by KRS 151B.130;~~

24 (c)[(h)] The Unemployment Insurance Commission established by KRS
25 341.110~~;~~ and

26 ~~(i) The Department for Training and Reemployment created in KRS 151B.260].~~

27 (3) The executive officer of the cabinet shall be the secretary of the Education Cabinet~~;~~

1 ~~for Workforce Development~~]. The secretary shall be appointed by the Governor
 2 pursuant to KRS 12.255~~[12.040]~~ and shall serve at the pleasure of the Governor.
 3 The secretary shall have general supervision and direction over all activities and
 4 functions of the cabinet and its employees and shall be responsible for carrying out
 5 the programs and policies of the cabinet. The secretary shall be the chief executive
 6 officer of the cabinet and shall have authority to enter into contracts, subject to the
 7 approval of the secretary of the Finance and Administration Cabinet, when the
 8 contracts are deemed necessary to implement and carry out the programs of the
 9 cabinet. The secretary shall have the authority to require coordination and
 10 nonduplication of services provided under the Federal Workforce Investment Act of
 11 1998, 20 U.S.C. secs. 9201 et seq. The secretary shall have the authority to mandate
 12 fiscal responsibility dispute resolution procedures among state organizational units
 13 for services provided under the Federal Workforce Investment Act of 1998, 20
 14 U.S.C. secs. 9201 et seq.~~[The Office of the Secretary of the Cabinet for Workforce~~
 15 ~~Development shall consist of the Offices of General Counsel, Communication~~
 16 ~~Services, Workforce Partnerships, Workforce Analysis and Research, Budget and~~
 17 ~~Administrative Services, Quality and Human Resource Services, and Technology~~
 18 ~~Services. The Office of Budget and Administrative Services shall contain the~~
 19 ~~Division of Fiscal Services. The division shall be headed by a director appointed by~~
 20 ~~the secretary of the Cabinet for Workforce Development pursuant to KRS 12.050.]~~

- 21 (4) The secretary of the Education Cabinet~~[for Workforce Development]~~ and the
 22 secretary's designated representatives, in the discharge of the duties of the secretary,
 23 may administer oaths and affirmations, take depositions, certify official acts, and
 24 issue subpoenas to compel the attendance of witnesses and production of books,
 25 papers, correspondence, memoranda, and other records considered necessary and
 26 relevant as evidence at hearings held in connection with the administration of the
 27 cabinet.

- 1 (5) The secretary of the Education Cabinet~~[for Workforce Development]~~ may delegate
 2 any duties of the secretary's office to employees of the cabinet as he or she deems
 3 necessary and appropriate, unless otherwise prohibited by statute.
- 4 (6) The secretary of the Education Cabinet~~[for Workforce Development]~~ shall
 5 promulgate, administer, and enforce administrative regulations that are necessary to
 6 implement programs mandated by federal law, or to qualify for the receipt of federal
 7 funds, and that are necessary to cooperate with other state and federal agencies for
 8 the proper administration of the cabinet and its programs except for programs and
 9 federal funds within the authority of the Council on Postsecondary Education,
 10 the Department of Education, the Kentucky Board of Education, and the
 11 Education Professional Standards Board.

12 Section 22. KRS 151B.025 is amended to read as follows:

- 13 (1) The Office of Career and~~[Department for]~~ Technical Education is hereby created
 14 within~~[and shall be attached to]~~ the Education Cabinet~~[for Workforce~~
 15 ~~Development]~~. The office~~[department]~~ shall consist of an executive director~~[a~~
 16 ~~commissioner]~~ and those administrative bodies and employees provided by or
 17 appointed pursuant to law.
- 18 (2) The chief executive officer of the office~~[department]~~ shall be the executive
 19 director~~[commissioner]~~ of the Office of Career and~~[Department for]~~ Technical
 20 Education. The executive director~~[commissioner]~~ shall be appointed to the
 21 unclassified service by the secretary of the Education Cabinet~~[for Workforce~~
 22 ~~Development]~~ with the approval of the Governor pursuant to KRS 12.050. The
 23 executive director~~[commissioner]~~ shall have general supervision and direction over
 24 all functions of the office~~[department]~~ and its employees, and shall be responsible
 25 for carrying out the programs and policies of the office~~[department]~~. The executive
 26 director~~[commissioner]~~ may delegate authority to deputies who may then act on his
 27 or her behalf in performing the duties assigned in this subsection.

- 1 (3) The office~~[department]~~ shall have the responsibility for all administrative functions
 2 of the state in relation to the management, control, and operation of state-operated
 3 secondary area vocational education and technology centers. When appropriate, the
 4 office~~[department]~~ shall provide education training programs through contracts with
 5 private business and industries. These programs may be on a shared cost basis or on
 6 a total cost recovery basis.
- 7 (4) The executive director~~[commissioner]~~ of the Office of Career and~~[Department for]~~
 8 Technical Education shall have the authority to enter into agreements or contracts
 9 with other government or education agencies, including local school districts, in
 10 order to carry out services under the office's~~[department's]~~ jurisdiction.
- 11 (5) Secondary area vocational education and technology centers shall be operated in
 12 compliance with program standards established by the Kentucky Board of
 13 Education. Principals, counselors, and teaching staff shall meet the qualifications
 14 and certification standards for all secondary vocational personnel as established by
 15 the Educational Professional Standards Board. In addition to direct appropriations,
 16 funds appropriated to support the cost of operating area vocational education and
 17 technology centers shall be transferred annually from the secondary funds
 18 administered by the Kentucky Department of Education for that purpose.
- 19 (6) The Office of Career and~~[Department for]~~ Technical Education, in the operation
 20 and management of its schools and the programs at those schools, shall meet all
 21 required federal and state standards relating to facilities and personnel qualification;
 22 provided, however, that no license or license fee shall be required for any school or
 23 program operated by the Office of Career and~~[Department for]~~ Technical
 24 Education.
- 25 (7) The Office of Career and~~[Department for]~~ Technical Education shall be the
 26 education agency solely designated for the purpose of developing and approving
 27 state plans required by state or federal laws and regulations as prerequisites to

1 receiving federal funds for vocational-technical or technology education. The
 2 office~~[department]~~ shall involve representatives from all eligible recipient
 3 categories in the development of the required plans.

4 (8) The office~~[department]~~ shall be permitted to enter into memorandums of agreement
 5 with individuals on a year to year basis to fill positions in hard-to-find teaching
 6 specialties. The agreements and compensation for hard-to-find teaching specialties
 7 shall be approved by the executive director~~[commissioner]~~ and shall not be subject
 8 to the provisions of KRS Chapter 45A. All agreements shall be filed with the
 9 secretary of the Finance and Administration Cabinet.

10 (9) The executive director~~[commissioner]~~ of the Office of Career and~~[Department for]~~
 11 Technical Education shall, from time to time, prepare or cause to be prepared any
 12 bulletins, programs, outlines of courses, placards, and courses of study deemed
 13 useful in the promotion of the interests of technical and vocational education.

14 (10) The executive director of the Office of Career and Technical
 15 Education~~[commissioner of the department]~~ shall be responsible for the preparation
 16 of a biennial budget request, which shall be forwarded to the executive director of
 17 the Office of Budget and Administration within the Education Cabinet for
 18 preliminary review and approval. Final approval shall be given by the secretary
 19 of the Education Cabinet or his or her designee~~[secretary of the Cabinet for~~
 20 ~~Workforce Development for review and modification]~~.

21 Section 23. KRS 151B.030 is amended to read as follows:

22 The Office of Career and~~[Department for]~~ Technical Education shall have~~[be divided~~
 23 ~~according to]~~ the following organizational structure:

24 (1) The secretary~~[commissioner]~~ of the~~[Department for Technical]~~ Education Cabinet
 25 shall appoint an executive director of career and~~[a deputy commissioner for]~~
 26 technical education pursuant to KRS 12.050 and assign duties as appropriate.

27 (2)~~[There is hereby created a Division of Administrative Services within the~~

Department for Technical Education. The division shall be headed by a director appointed by the commissioner of the Department for Technical Education pursuant to KRS 12.050. The division shall be composed of organizational entities as deemed appropriate by the commissioner of the Department for Technical Education as set forth by administrative order.

(3)} There is hereby created a Division of Secondary Education and Technical Training[School Services] within the Office of Career and[Department for] Technical Education. The division[of School Services] shall be headed by a director appointed by the secretary of the Education Cabinet[commissioner of the Department for Technical Education] under KRS 12.050. The Division[of School Services] shall be composed of organizational entities as deemed appropriate by the secretary of the Education Cabinet[for Workforce Development as set forth by administrative order].

(3)}{(4)} The appointing authority[commissioner] shall appoint an ombudsman pursuant to KRS 12.050 and specify his or her functions and duties.

(4)}{(5)} The Kentucky Technical Education Personnel Board, pursuant to KRS 151B.097, shall be attached to the Office of Career and Technical Education[department] for administrative purposes.

Section 24. KRS 151B.035 is amended to read as follows:

(1) The executive director[commissioner] of the Office of Career and[Department for] Technical Education shall promulgate, by administrative regulations, personnel policies and procedures for all full-time and part-time unclassified employees, certified and equivalent staff, including administrative, teaching, and supervisory staff in the Office of Career and[Department for] Technical Education central office and state-operated vocational facilities. All other staff shall remain under the authority of the Kentucky Personnel Cabinet and KRS Chapter 18A. Employees who transfer to or from the KRS Chapter 18A personnel system shall transfer

1 accrued annual, compensatory, and sick leave.

2 (2) As provided in this chapter, the executive director~~[commissioner]~~ of the Office of
 3 Career and~~[Department for]~~ Technical Education shall promulgate comprehensive
 4 administrative regulations for the administration of a personnel system in the Office
 5 of Career and~~[Department for]~~ Technical Education which are consistent with the
 6 provisions of this chapter and with federal standards for state government agencies
 7 receiving federal grants.

8 (3) The executive director~~[commissioner]~~ of the Office of Career and~~[Department for]~~
 9 Technical Education shall promulgate comprehensive administrative regulations for
 10 full-time and part-time certified and equivalent staff governing:

11 (a) Establishment and abolishment of positions;

12 (b) Applications;

13 (c)~~[—Certification;~~

14 (d)] Classification and compensation plans;

15 (u)~~(e)]~~ Incentive programs;

16 (v)~~(f)]~~ Selection of employees;

17 (w)~~(g)]~~ Types of appointments;

18 (x)~~(h)]~~ Attendance, including hours of work, compensatory time, and annual,
 19 court, military, sick, voting, and special leaves of absence;

20 (y)~~(i)]~~ Preparation, maintenance, and revision of a position classification plan
 21 and an equitable salary schedule for certified and equivalent staff based on
 22 qualifications, experience, and responsibilities;

23 (z)~~(j)]~~ Extent and duration of the state-operated area vocational education and
 24 technology centers' school term, use of school days, and extended
 25 employment;

26 (aa)~~(k)]~~ Employee evaluations;

27 (ab)~~(l)]~~ Programs to improve the work effectiveness of employees including

- 1 staff development;
- 2 ~~(l)~~~~(m)~~ Demotion;
- 3 ~~(m)~~~~(n)~~ Dismissal;
- 4 ~~(n)~~~~(o)~~ Layoffs;
- 5 ~~(o)~~~~(p)~~ Suspensions and other disciplinary measures;
- 6 ~~(p)~~~~(q)~~ Probationary periods, limited employment status, and continuing
- 7 employment status;
- 8 ~~(q)~~~~(r)~~ Promotion;
- 9 ~~(r)~~~~(s)~~ Transfer;
- 10 ~~(s)~~~~(t)~~ Appeals; and
- 11 ~~(t)~~~~(u)~~ Employee grievances and complaints.
- 12 (4) (a) Administrative regulations promulgated by the executive
- 13 director~~commissioner~~ of the Office of Career and~~Department for~~
- 14 Technical Education shall comply with the provisions of this chapter and KRS
- 15 Chapter 13A and shall have the force and effect of law, when approved by the
- 16 commissioner of the Department of Workforce Investment and after
- 17 compliance with the provisions of KRS Chapter 13A.
- 18 (b) Administrative regulations promulgated by the executive
- 19 director~~commissioner~~ of the Office of Career and~~Department for~~
- 20 Technical Education shall not expand or restrict rights granted to, or duties
- 21 imposed upon, employees and administrative bodies by the provisions of this
- 22 chapter.
- 23 (c) No administrative body other than the executive director~~commissioner~~ of
- 24 the Office of Career and~~Department for~~ Technical Education shall
- 25 promulgate administrative regulations governing the subject matters specified
- 26 in this section.
- 27 (d) Policies and procedures for the implementation of administrative regulations

1 shall be developed by the Office of Career and~~[Department for]~~ Technical
2 Education.

3 (5) The commissioner for the Department of Workforce Investment~~[Technical~~
4 ~~Education]~~ shall be the appointing authority with respect to all personnel actions for
5 the Office of Career and Technical Education~~[department]~~. The commissioner
6 may authorize a designee to act on behalf of the agency with respect to employee
7 appointments, position establishments, payroll documents, reemployment lists,
8 waiver requests, or other position actions. Any personnel designation shall be in
9 writing. Authority to employ personnel may be delegated to the vocational school
10 management by the commissioner. Any recommendation for employment from the
11 local level shall be based on guidelines promulgated by the executive
12 director~~[commissioner]~~ and shall be contingent upon confirmation by the executive
13 director~~[commissioner and the board]~~.

14 (6) The executive director~~[commissioner]~~ of the Office of Career and~~[Department for]~~
15 Technical Education shall promulgate other administrative regulations to govern
16 proceedings which relate to certified and equivalent employees and which shall
17 provide for:

- 18 (a) The procedures to be utilized by the Kentucky Technical Education Personnel
19 Board in the conduct of hearings, consistent with KRS Chapter 13B;
- 20 (b) Discharge, as provided by this section;
- 21 (c) Imposition, as a disciplinary measure, of a suspension from service without
22 pay for up to thirty (30) working days and, in accordance with the provisions
23 of KRS 151B.055, for the manner of notification of the employee of the
24 discipline and right of appeal;
- 25 (d) Promotions which shall give appropriate consideration to the applicant's
26 qualifications, record of performance, and conduct;
- 27 (e) Supplementary information for the salary schedule for certified and equivalent

1 staff including teachers, counselors, administrators, managers, and educational
 2 consultants in state-operated vocational technical facilities, field offices, and
 3 central office in the Office of Career and~~Department for~~ Technical
 4 Education that shall provide uniformity, recognition of education, teaching,
 5 and supervisory experience and use as a base the average salary paid to
 6 beginning classroom teachers by all public schools in the state for personnel
 7 with comparable qualifications and experience. Indexes may be incorporated
 8 in the compensation plan for administrative responsibilities. The salary
 9 schedule shall be computed annually, and shall be submitted to and approved
 10 by the Governor;

11 (f) Reemployment of laid-off employees in accordance with the provisions of this
 12 chapter;

13 (g) Establishment of a plan for resolving employee grievances and complaints.
 14 The plan shall not restrict rights granted employees by the provisions of this
 15 chapter; and

16 (h) Any other administrative regulations not inconsistent with this chapter and
 17 KRS Chapter 13A proper and necessary for its enforcement.

18 (7) The executive director~~commissioner~~ of the Office of Career and~~Department for~~
 19 Technical Education shall make investigations, either on petition of a citizen,
 20 taxpayer, interested party, or as deemed necessary by the executive
 21 director~~commissioner~~, concerning the enforcement and effect of KRS 151B.035
 22 to 151B.090, shall require observance of the provisions and the administrative
 23 regulations promulgated pursuant to the provisions of this chapter and KRS Chapter
 24 13A, and shall make investigation as requested by the General Assembly or the
 25 Governor and to report thereon.

26 (8) The executive director~~commissioner~~ of the Office of Career and~~Department for~~
 27 Technical Education shall promulgate administrative regulations, pursuant to KRS

1 Chapter 13A, for an appeal system for aggrieved certified or equivalent employees.

2 (9) The Kentucky Technical Education Personnel Board shall hear appeals from
3 applicants for positions or from certified, equivalent, and unclassified employees
4 who have been dismissed, demoted, suspended, or otherwise penalized for cause.
5 Effective August 15, 2000, appeals from assistants and secretaries in the Office of
6 Career and~~[Department for]~~ Technical Education~~[and the Department for Adult~~
7 ~~Education and Literacy]~~ attached to policymaking positions shall be governed by
8 KRS 18A.095. The State Personnel Board, established in KRS 18A.045, shall hear
9 appeals that are pending as of August 15, 2000, from assistants and secretaries
10 attached to policymaking positions in the Office of Career and~~[Department for]~~
11 ~~Technical Education[and personnel in the Department for Adult Education and~~
12 ~~Literacy]~~.

13 (10) The Kentucky Technical Education Personnel Board may, any statute to the
14 contrary notwithstanding, delegate the conduct of the hearing and the rendition of a
15 recommended order to the full board, to a panel of the board, or to a hearing officer,
16 relative to any hearing appeal, or decision, judicial or quasi-judicial in nature, which
17 the board is empowered or directed, by this or any other chapter, to conduct, hear, or
18 make; provided, however, that the full board as provided by statute, makes the final
19 order, based upon the evidence submitted.

20 (11) The executive director~~[commissioner]~~ of the Office of Career and~~[Department for]~~
21 Technical Education shall promulgate administrative regulations, pursuant to KRS
22 Chapter 13A, governing the unclassified service including the preparation and
23 maintenance of a salary schedule and other administrative regulations authorized by
24 this chapter.

25 (12) The annual percentage salary increment for all certified and equivalent employees
26 subject to the personnel system established under this chapter shall be at least equal
27 to that funded and provided for other elementary and secondary teachers.

1 (13) The positions of employees who are transferred, effective July 1, 1998, from the
 2 former Cabinet for Workforce Development to the Kentucky Community and
 3 Technical College System shall be abolished and the employees' names removed
 4 from the roster of state employees. Employees who are transferred, effective July 1,
 5 1998, to the Kentucky Community and Technical College System under KRS
 6 Chapter 164 shall have the same benefits and rights as they had under KRS Chapter
 7 18A and have under KRS 164.5805; however, they shall have no guaranteed
 8 reemployment rights in the KRS Chapter 151B or KRS Chapter 18A personnel
 9 systems. An employee who seeks reemployment in a state position under KRS
 10 Chapter 151B or KRS Chapter 18A shall have years of service in the Kentucky
 11 Community and Technical College System counted toward years of experience for
 12 calculating benefits and compensation.

13 Section 25. KRS 151B.040 is amended to read as follows:

- 14 (1) All certified, equivalent, and unclassified employees in the Office of Career
 15 and~~[Department for]~~ Technical Education shall be:
- 16 (a) Provided the same health insurance coverage as all other state government
 17 employees provided in KRS 18A.225;
 - 18 (b) Eligible to participate in the deferred compensation system provided for all
 19 state government employees by KRS 18A.250 to 18A.265;
 - 20 (c) Provided the same life insurance coverage provided all state employees
 21 pursuant to KRS 18A.205 to 18A.215;
 - 22 (d) Reimbursed for all reasonable and necessary travel expenses and
 23 disbursements incurred or made pursuant to KRS 45.101 in the performance
 24 of their official duties; no part of the reimbursement shall be included in or
 25 accounted as a part of their salaries;
 - 26 (e) Ensured equal employment opportunity regardless of race, color, religion,
 27 national origin, disability, sex, or age; and

(f) Given those holidays and rights granted state employees pursuant to KRS 18A.190.

(2) Employees under the jurisdiction of the former Department for Technical Education who are members of a state retirement system as of June 30, 1990, shall remain in their respective retirement systems. All new certified and equivalent employees hired by the office~~[departments]~~ shall be placed in the Kentucky Teachers'~~[Teacher's]~~ Retirement System.

Section 26. KRS 151B.045 is amended to read as follows:

(1) The records of the Office of Career and~~[Department for]~~ Technical Education shall be public records and shall be open to public inspection, as provided in KRS 61.870 to 61.884.

(2) (a) A personnel file shall be maintained by the Education Cabinet~~[departments]~~ for each employee. The files maintained by the Education Cabinet~~[departments]~~ shall be the official personnel file for the employees.

(b) Each file shall include, but not be limited to, the employee's name, address, title of positions held, classifications, rates of compensation, all changes in status including evaluations, promotions, demotions, layoffs, transfers, disciplinary actions, commendations, and awards. Each file shall contain the complete record and supporting documentation for each personnel action.

(c) When an employee is reprimanded for misconduct, other infraction, or failure to perform duties in a proper or adequate manner, the supervising employee taking the action shall document the action in detail, and shall provide the employee with a copy of the documentation. The supervising employee shall inform the employee of his or her right to prepare a written response to the action taken after the employee has reviewed the written documentation prepared by the supervising employee. The employee's response shall be attached to the documentation prepared by the supervising employee. The

1 supervising employee shall place a copy of the documentation and response in
 2 the employee's personnel file and shall transmit a copy to be placed in the
 3 central office personnel file of the employee. The supervising employee shall
 4 notify the employee that copies of the documentation and the response
 5 provided for in this subsection have been placed in the employee's personnel
 6 files.

7 (3) Upon written request, an employee shall have the right to examine his or her
 8 personnel file. An employee may comment in writing on any item in the file. The
 9 comments shall be made a part of the file and shall be attached to the specific record
 10 or document to which they pertain.

11 (4) No public agency, as defined by KRS 61.870, and no officer or employee shall
 12 deny, abridge, or impede the exercise of the rights granted in any manner by this
 13 section and by KRS 61.878.

14 Section 27. KRS 151B.050 is amended to read as follows:

15 Except as provided by the provisions of this chapter, the appointing authority or
 16 designee for the Office of Career and ~~commissioner for adult education and literacy, and~~
 17 ~~the commissioner for~~ Technical Education may refuse to consider an applicant for a
 18 certified or equivalent position, or, after consideration, may disqualify the applicant or
 19 may remove an employee already appointed if:

- 20 (1) It is found that the person did not maintain certification or that certification has been
 21 revoked for the position;
- 22 (2) The person is unable to perform the duties of the position;
- 23 (3) The person made a false statement of material fact in the application;
- 24 (4) The application was not submitted correctly or within the prescribed time limits;
- 25 (5) The person has been convicted of a felony within the preceding five (5) years and
 26 has not had civil rights restored or has not been pardoned by the Governor;
- 27 (6) The person has been convicted of a job related misdemeanor, except that

1 convictions for violations of traffic regulations shall not constitute grounds for
2 disqualification;

3 (7) The person has previously been dismissed from a position in his department for
4 cause or has resigned while charges for dismissal for cause of which the person had
5 knowledge were pending; or

6 (8) The person has otherwise violated the provisions of this chapter.

7 Section 28. KRS 151B.055 is amended to read as follows:

8 (1) All certified and equivalent employees who previously held merit status under KRS
9 Chapter 18A shall become continuing status employees in the Office of Career
10 and~~Department for~~ Technical Education.

11 (2) Prior to dismissal, an employee with continuing status shall be notified in writing of
12 the intent to dismiss. The notice shall also state:

13 (a) The specific reasons for dismissal including:

- 14 1. The statutory or regulatory violation;
- 15 2. The specific action or activity on which the intent to dismiss is based;
- 16 3. The date, time, and place of the action or activity; and
- 17 4. The name of the parties involved; and

18 (b) That the employee has the right to appear personally, or with counsel if
19 counsel has been retained, to reply to the appointing authority~~commissioner~~
20 or a designee.

21 (3) The Office of Career and~~Department for~~ Technical Education shall prescribe and
22 distribute a form to be completed and forwarded by an employee who wishes to
23 appear before the appointing authority~~commissioner~~ or a designee. The form
24 shall be attached to every notice of intent to dismiss, and shall contain written
25 instructions explaining:

26 (a) The right granted an employee under the provisions of this section relating to
27 pretermination hearings; and

- 1 (b) The time limits and procedures to be followed by all parties in pretermination
2 hearings.
- 3 (4) No later than five (5) working days after receipt of the notice of intent to dismiss,
4 excluding the day of receipt of notice, the employee may request to appear,
5 personally or with counsel if counsel is retained, to reply to the appointing
6 authority~~[commissioner of the Department for Technical Education]~~ or a designee.
- 7 (5) The appearance shall be held six (6) working days after receipt of an employee's
8 request to appear before the appointing authority~~[commissioner]~~ or a designee,
9 excluding the day the employee's request is received, unless the employee and the
10 appointing authority~~[commissioner]~~ or a designee agree to a later date.
- 11 (6) No later than five (5) working days after the employee appears before the
12 appointing authority~~[commissioner]~~ or a designee, excluding the day of the
13 appearance, the appointing authority~~[commissioner]~~ or a designee shall:
- 14 (a) Determine whether to dismiss the employee or to alter, modify, or rescind the
15 intent to dismiss; and
- 16 (b) Notify the employee in writing of the decision.
- 17 (7) If the appointing authority~~[commissioner]~~ or a designee determines that the
18 employee shall be dismissed, the employee shall be notified in writing of:
- 19 (a) The effective date of dismissal or other penalization;
- 20 (b) The specific reason for the action, including:
- 21 1. The statutory or regulatory violation;
- 22 2. The specific action or activity on which the dismissal is based;
- 23 3. The date, time, and place of the action or activities; and
- 24 4. The names of the parties involved; and
- 25 (c) That the employee may appeal the dismissal to the Kentucky Technical
26 Education Personnel Board within thirty (30) days after receipt of this
27 notification, excluding the day the notice is received.

- 1 (8) A certified or equivalent employee with continuing status who is demoted or
2 suspended shall be notified in writing of:
- 3 (a) The demotion or suspension;
- 4 (b) The effective date of the demotion or suspension;
- 5 (c) The specific reason for the action including:
- 6 1. The statutory or regulatory violation;
- 7 2. The specific action or activity on which the demotion or suspension is
8 based;
- 9 3. The date, time, and place of the action or activity; and
- 10 4. The name of the parties involved; and
- 11 (d) That the employee has the right to appeal to the Kentucky Technical
12 Education Personnel Board within thirty (30) days, excluding the day of
13 receipt of notification.
- 14 (9) Any employee or applicant for employment may appeal to the board on the grounds
15 that the right to inspect or copy records, including preliminary and other supporting
16 documentation, relating to the employee has been denied, abridged, or impeded.
17 The board shall conduct a hearing to determine if the records related to the
18 employee or applicant, and if the right to inspect or copy was denied, abridged, or
19 impeded. If the board determines that the records related to the employee and that
20 the right to inspect or copy the records has been denied, abridged, or impeded, the
21 board shall order that the records be made available for inspection and copying.
- 22 (10) Any certified, equivalent, or unclassified employee may appeal an action alleged to
23 be based on discrimination due to race, color, religion, national origin, sex,
24 disability, or age to the board. Nothing in this section shall be construed to preclude
25 any employee from filing with the Kentucky Commission on Human Rights a
26 complaint alleging discrimination on the basis of race, color, religion, national
27 origin, sex, disability, or age in accordance with KRS Chapter 344.

- 1 (11) (a) Appeals to the Kentucky Technical Education Personnel Board shall be in
 2 writing on an appeal form prescribed by the Office of Career and~~Department~~
 3 ~~for~~ Technical Education. Appeal forms shall be available at the employee's
 4 place of work. The Office of Career and~~Department for~~ Technical
 5 Education shall be responsible for the distribution of the forms.
- 6 (b) The appeal form shall be attached to any notice, or copy of the notice, of
 7 dismissal, demotion, suspension, involuntary transfer, or other penalization, or
 8 notice of any other action an employee may appeal under the provisions of this
 9 section.
- 10 (c) Upon receipt of the appeal by the board, the appointing authority or a
 11 designee~~commissioner~~ shall be notified, and the board shall schedule a
 12 hearing that shall be conducted in accordance with KRS Chapter 13B.
- 13 (12) (a) Except as provided in this section, an appeal shall be decided by the board
 14 only after a hearing. The board shall not deny, reject, or sustain an appeal, or
 15 make any other determination relating to an appeal, except after a hearing is
 16 conducted pursuant to the provisions of this section and KRS Chapter 13B.
- 17 (b) The board may deny a hearing to an employee who has failed to file an appeal
 18 over which the board has jurisdiction or within the time prescribed by this
 19 section and to an unclassified employee who has failed to state the cause for
 20 dismissal. The board shall notify the employee of its denial in writing and
 21 shall inform the employee of his or her right to appeal the denial under the
 22 provisions of KRS 151B.060.
- 23 (c) Any investigation by the board of any matter related to an appeal filed by an
 24 employee shall be conducted only upon notice to the employee, the
 25 employee's counsel, and the appointing authority. All parties to the appeal
 26 shall have access to information produced by the investigations and the
 27 information shall be presented at the hearing. Any party to the hearing shall be

1 permitted an adequate opportunity to rebut or comment upon the information.

2 (13) Each appeal shall be decided individually, unless otherwise agreed by the parties
3 and the board. The board shall not:

4 (a) Employ class action procedures; or

5 (b) Conduct test representative cases.

6 (14) Board members shall abstain from public comment about a pending or impending
7 proceeding before the board. This shall not prohibit board members from making
8 public statements in the course of their official duties or from explaining for public
9 information the procedures of the board.

10 (15) (a) If the board finds that the action complained of was taken by the appointing
11 authority or designee in violation of laws prohibiting favor for, or
12 discrimination against, or bias with respect to political or religious opinions or
13 affiliations or ethnic origin, or in violation of laws prohibiting discrimination
14 because of the individual's sex, age, or disability, the appointing authority or
15 designee~~[commissioner]~~ shall immediately reinstate the employee to his or
16 her former position or a position of like status and pay, without loss of pay for
17 the period of penalization, or otherwise make the employee whole;

18 (b) If the board finds that the action complained of was taken without just cause,
19 the board shall order the immediate reinstatement of the employee to his or
20 her former position or a position of like status and pay, without loss of pay for
21 the period of penalization, or otherwise make the employee whole;

22 (c) If the board finds that the action taken by the appointing authority was
23 excessive or erroneous in view of all the surrounding circumstances, the board
24 shall alter, modify, or rescind the disciplinary action; and

25 (d) In all other cases, the board shall rescind the action taken or grant other relief
26 to which the employee is entitled.

27 (16) If a final order of the board is appealed, a court shall award reasonable attorney's

1 fees to an employee who prevails by a final adjudication on the merits as provided
 2 by KRS 453.260. The award shall not include attorney's fees attributable to the
 3 hearing before the board.

4 Section 29. KRS 151B.065 is amended to read as follows:

5 (1) (a) When a certified, equivalent, or unclassified employee has been finally
 6 ordered reinstated without loss of pay, pursuant to the provisions of KRS
 7 151B.060, the board shall forward a certified copy of the order to the Office of
 8 Career and~~Department for~~ Technical Education. The office~~department~~
 9 shall process proper payment to the employee for the period of suspension, the
 10 payment to be made out of the agency's appropriations. If no funds or
 11 insufficient funds are available in the agency's appropriations, then payment
 12 shall be made out of the judgments section of the general fund of the biennial
 13 state budget.

14 (b) Gross moneys which are earned by the employee from other sources during
 15 the period of suspension shall set off against the gross sum due the employee,
 16 to the extent that the moneys were earned in a number of hours comparable to
 17 the length of time the employee would have worked in the previous job where
 18 dismissal occurred. The executive director~~commissioner~~ of the Office of
 19 Career and~~Department for~~ Technical Education shall by regulation provide
 20 an administrative procedure for determining reasonable earnings to be set off.

21 (c) All other deductions shall be deducted as required by law or by other state
 22 regulation.

23 (2) (a) Both the employee's and employer's contributions to the Kentucky Teachers'
 24 Retirement System or the Kentucky Employees Retirement System shall be
 25 based upon the gross amount due the employee, before set-off or deduction,
 26 except for set-off caused by earnings on which employee and employer
 27 contributions to the Kentucky Teachers' Retirement System or the Kentucky

1 Employees Retirement System have been paid.

- 2 (b) Member and employer contributions paid into the system in which the
3 employee participated after dismissal shall be transferred to the system in
4 which the employee participated prior to illegal dismissal. In the event of a
5 difference in member or employer contribution rates between the retirement
6 system under which the member was covered prior to dismissal and the
7 retirement system of participation before reinstatement by the board, the
8 member and employer shall pay or receive a refund in order to adjust their
9 respective contribution to the appropriate rate for the system under which the
10 employee would have participated if dismissal had not occurred.

11 Section 30. KRS 151B.075 is amended to read as follows:

- 12 (1) The *executive director*~~[commissioner]~~ of the *Office of Career and*~~[Department for]~~
13 Technical Education shall adopt written evaluation procedures for all certified and
14 equivalent employees. The procedures shall be based upon recommendations
15 received from a committee composed of equal numbers of teachers, counselors, and
16 administrators.
- 17 (2) Evaluations shall be in writing. An evaluator shall follow all statutory and
18 regulatory provisions for evaluation and shall present and explain all documentation
19 affecting an employee's evaluation, as well as discuss every aspect of performance
20 with the employee at each evaluation. The evaluator shall solicit the employee's
21 opinions and suggestions and shall advise the employee of the measures needed to
22 improve performance.
- 23 (3) Each full-time employee who has completed initial probation, and each part-time
24 employee who works over one hundred (100) hours each month and who has
25 completed initial probation shall be evaluated.
- 26 (4) (a) The first-line supervisor of an employee shall be the evaluator, providing the
27 period of supervision has been for a period of at least ninety (90) calendar

1 days.

2 (b) If the evaluator has supervised an employee for at least ninety (90) calendar
3 days and ceases to be the employee's first-line supervisor after such period of
4 time, the evaluation of the employee shall be at least five (5) workings days
5 prior to the day when the responsibility for supervision ceases.

6 (c) If the first-line supervisor ceases to be the supervisor of an employee due to
7 the suspension, demotion, or dismissal of the first-line supervisor, paragraph
8 (b) of this subsection shall not apply.

9 (d) If the first-line supervisor ceases to be an employee's supervisor because the
10 employee transfers, the first-line supervisor shall evaluate the employee prior
11 to transfer, if the period of supervision of the employee is not less than ninety
12 (90) calendar days prior to notification of transfer.

13 (5) Teachers and administrators in the state-operated secondary area vocational
14 education and technology centers shall be evaluated in the following categories and
15 appropriate criteria for each category shall be described in the written evaluation
16 procedure:

- 17 (a) School or classroom management, as appropriate;
18 (b) Job knowledge and skills;
19 (c) Instructional management;
20 (d) Employee conduct; and
21 (e) Professional responsibility.

22 (6) All other certified and equivalent staff in the field and in the central office shall be
23 evaluated in the following categories with appropriate criteria described in written
24 evaluation procedures:

- 25 (a) Job knowledge and skills;
26 (b) Quality of work;
27 (c) Employee conduct; and

- 1 (d) Professional responsibility.
- 2 (7) There shall be established by the executive director~~[commissioner]~~ an evaluation
 3 appeals procedure for certified or equivalent personnel in the Office of Career
 4 and~~[Department for]~~ Technical Education.
- 5 (8) (a) Within five (5) working days of an evaluation, an employee may request
 6 reconsideration of the evaluation by the evaluator.
- 7 (b) Within five (5) working days of the reconsideration, an employee may:
- 8 1. Submit a written response to any evaluation which shall be attached to
 9 the evaluation; and
- 10 2. Submit a written request for reconsideration of any evaluation to the
 11 second-line supervisor.
- 12 (c) No later than fifteen (15) working days after receipt of the request, the second-
 13 line supervisor shall inform the employee and the evaluator in writing of the
 14 decision after the second-line supervisor has:
- 15 1. Obtained written statements from both the employee and the evaluator;
 16 or
- 17 2. Met with the employee and the evaluator; and
- 18 3. Reviewed the evaluation process according to statutory or regulatory
 19 requirements as well as the ratings.
- 20 (9) Within thirty (30) days after the employee has received the written decision of the
 21 second-line supervisor, the employee may appeal an evaluation to the next level.
 22 For the state-operated secondary area vocational education and technology centers,
 23 this appeal shall go to the ombudsman for mediation. If not resolved at this level,
 24 the employee may file an appeal with the appointing authority or
 25 designee~~[commissioner]~~ of the Office of Career and~~[Department for]~~ Technical
 26 Education who shall make a final ruling. For other employees in the Office of
 27 Career and~~[Department for]~~ Technical Education, this appeal shall go to the

1 appropriate office head and then to the appointing authority or
 2 designee~~commissioner~~.

3 (10) If an employee receives an overall unsatisfactory evaluation rating on two (2)
 4 successive evaluations, the employee shall be:

- 5 (a) Demoted to a position commensurate with abilities; or
- 6 (b) Terminated.

7 Section 31. KRS 151B.080 is amended to read as follows:

8 (1) It shall be unlawful to coerce certified and equivalent employees who may be or
 9 who are subject to layoff to resign or retire in lieu of layoff. Dismissals shall comply
 10 with applicable statutes and layoffs shall not be utilized as a method of dismissal.

11 (2) In the same office~~department~~, county, and job classification, temporary,
 12 emergency, limited status, and probationary employees shall be laid off before
 13 permanent full-time or permanent part-time employees with continuing status. The
 14 Office of Career and~~Department for~~ Technical Education shall not transfer
 15 positions, including vacant positions, in order to circumvent the provisions of this
 16 section.

17 (3) If two (2) or more employees subject to layoff in a layoff plan submitted to the
 18 executive director~~commissioner~~ have the same qualifications and similar
 19 performance evaluations, the employee with the lesser seniority shall be laid off
 20 first.

21 (4) An employee who is laid off shall be placed on a reemployment list for the class of
 22 position from which laid off and for any class for which such employee is qualified.

23 (5) For a period of three (3) years, laid-off employees shall be considered before any
 24 applicant from outside the Office of Career and~~Department for~~ Technical
 25 Education, except another laid-off employee with more seniority who is already on
 26 the list.

27 (6) For a period of three (3) years, a laid-off employee shall not be removed from the

1 list unless:

- 2 (a) The laid-off employee notifies the office~~[department]~~ in writing that he or she
- 3 no longer wishes to be considered for a position on the list;
- 4 (b) Two (2) written offers of appointment are declined, the offers to be for a
- 5 position of the same classification and salary, and located in the same county
- 6 or contiguous counties, as the position from which laid off;
- 7 (c) Two (2) written offers to schedule an interview are made and the laid-off
- 8 employee fails to respond to a certified letter requesting the laid-off employee
- 9 to schedule an interview within ten (10) working days;
- 10 (d) The laid-off employee fails to report for an interview after notification in
- 11 writing at least ten (10) calendar days prior to the date of the interview;
- 12 (e) The laid-off employee cannot be located by postal authorities at the last
- 13 address provided; or
- 14 (f) The laid-off employee has willfully violated the provisions of this chapter.
- 15 (7) When a laid-off employee has accepted a bona fide offer of appointment to any
- 16 position, effective on a specified date, the employee's name may be removed from
- 17 the list for all classes for which the maximum salary is the same as or less than that
- 18 of the class of appointment.
- 19 (8) When a laid-off employee is removed from the reemployment list, the employee
- 20 shall be notified in writing and shall be notified of the right to appeal to the board
- 21 under provisions of KRS 151B.055.

22 Section 32. KRS 151B.085 is amended to read as follows:

- 23 (1) A layoff of an employee with continuing status in the Office of Career
- 24 and~~[Department for]~~ Technical Education due to the abolition of a position, lack of
- 25 funds, or economic or employment trends resulting in a lack of work or a material
- 26 change in duties or organization shall comply with the provisions of this section.
- 27 (2) Prior to the notification of layoff and prior to the layoff of an employee, the

1 office~~[department]~~ shall prepare a layoff plan. The plan shall contain the name of
 2 the employee and the reasons, in detail, for the layoff. Upon approval of the plan by
 3 the appointing authority or designee~~[commissioner]~~, the employee shall be notified
 4 of the pending layoff, and of:

- 5 (a) The reason for the layoff;
- 6 (b) The procedures established by the provisions of KRS 151B.080, and this
 7 section for the layoff of employees; and
- 8 (c) The rights granted employees subject to layoff and to laid-off employees.

9 (3) (a) An employee subject to layoff shall be considered for a vacant position within
 10 the office~~[department]~~ of the same pay grade, level of duties, and
 11 responsibilities for which the employee is qualified.

12 (b) If a vacancy does not exist, the employee shall be considered for any vacant
 13 position within his office~~[department]~~ for which qualifications are held.

14 (4) If no position is available to an employee subject to layoff under the procedure
 15 established by subsection (3) of this section, the employee shall be notified of the
 16 layoff in writing at least thirty (30) days prior to implementation of the layoff.

17 Section 33. KRS 151B.097 is amended to read as follows:

18 (1) The Kentucky Technical Education Personnel Board is hereby established to
 19 conduct personnel appeals from certified and equivalent employees in the Office of
 20 Career and~~[Department for]~~ Technical Education under KRS Chapter 151B.
 21 Appeals shall be conducted in accordance with the provisions established in KRS
 22 Chapter 13B. The board shall be attached to the Office of Career and~~[Department~~
 23 ~~for]~~ Technical Education for administrative purposes.

24 (2) The Kentucky Technical Education Personnel Board shall be composed of five (5)
 25 voting members, three (3) of whom shall be selected from employees of agencies
 26 within the Education Cabinet~~[for Workforce Development]~~, except no member
 27 shall be an employee within the Office of the Secretary or the Office of Career

1 ~~and~~~~[Department for]~~ Technical Education. The remaining two (2) members shall be
 2 teachers employed by the Office of Career and~~[Department for]~~ Technical
 3 Education's Area Technology Centers. The election of the teacher representatives
 4 may be conducted by written ballot, Internet balloting, intranet balloting, or
 5 electronic mail. The teacher candidates may be present when the balloting is tallied.
 6 All votes cast shall be tallied by an independent entity.

7 (a) The Governor shall appoint the two (2) members elected by the teachers
 8 employed by the Office of Career and~~[Department for]~~ Technical Education's
 9 Area Technology Centers and the three (3) members selected from employees
 10 of agencies within the Education Cabinet~~[for Workforce Development]~~. All
 11 members shall be appointed by the Governor to four (4) year terms, and each
 12 term shall end on June 30 of the fourth year. Terms of new members or
 13 reappointed members shall begin on July 1 of the year beginning their term. If
 14 a vacancy occurs during a term, the Governor shall appoint a replacement to
 15 serve the remainder of the unexpired term within thirty (30) days of the
 16 vacancy. The Governor shall select a replacement from the group where the
 17 vacancy occurred. The manner of selection for the replacement shall be the
 18 same as the manner of the original selection.

19 (b) The members shall possess an understanding of the personnel system
 20 established in KRS Chapter 151B.

21 (c) A chair shall be elected annually by members of the board.

22 (3) The board shall meet as necessary to comply with time frames for conducting
 23 personnel appeals under KRS Chapter 13B and KRS Chapter 151B, and at other
 24 times as deemed necessary by the chair of the board. For meetings of the board, a
 25 majority of the voting members shall be present to constitute a quorum for the
 26 transaction of business.

27 (4) The Office of Career and~~[Department for]~~ Technical Education shall provide

1 administrative, budgetary and support staff services for the board.

2 (5) Employees of the Education Cabinet~~[for Workforce Development]~~ who serve as
3 members of the board shall not receive additional salary for serving as members on
4 the board. However, upon approval of the executive director~~[commissioner]~~ of the
5 Office of Career and~~[Department for]~~ Technical Education, board members shall
6 be entitled to reimbursement of actual and necessary expenses incurred while
7 performing their duties as an active member of the board.

8 (6) During personnel appeals conducted by the board, both parties shall be given the
9 opportunity to have a representative present at each step of the process.

10 Section 34. KRS 151B.112 is amended to read as follows:

11 The Office of Career and~~[Department for]~~ Technical Education shall have the
12 management and control of state-operated secondary area vocational education and
13 technology centers, and all programs and services operated in these centers.

14 Section 35. KRS 151B.120 is amended to read as follows:

15 (1) The vice president of the Kentucky Adult Education Program in the Council on
16 Postsecondary Education~~[commissioner of the Department for Adult Education~~
17 ~~and Literacy]~~ and the executive director~~[commissioner]~~ of the Office of Career
18 and~~[Department for]~~ Technical Education may enter into agreements to train
19 workers for new manufacturing jobs in new or expanding industries characterized
20 by one (1) or more of the following criteria: a high average skill, a high average
21 wage, rapid national growth, or jobs feasible and desirable for location in rural
22 regions. Such agreements shall be subject to review and approval by the secretary of
23 the Education~~[Workforce Development]~~ Cabinet and shall not be subject to the
24 requirements of KRS 45A.045 and KRS 45A.690 to 45A.725 when awarded on the
25 basis of a detailed training plan approved by the appropriate agency
26 head~~[commissioner]~~. Reimbursement to the industry shall be made upon
27 submission of documents validating actual training expenditure not to exceed the

1 amount approved by the training plan.

2 (2) **The vice president and the executive director**~~[Each commissioner]~~ may approve
 3 authorization for his **or her agency**~~[department]~~ to enter into
 4 **agreements**~~[agreement]~~ with industries whereby the industry may be reimbursed
 5 directly for the following services:

- 6 (a) The cost of instructors' salaries when the instructor is an employee of the
 7 industry to be served;
- 8 (b) Cost of only those supplies, materials, and equipment used exclusively in the
 9 training program; and
- 10 (c) Cost of leasing a training facility should a vocational education school or the
 11 industrial plant not be available.

12 Section 36. KRS 151B.125 is amended to read as follows:

13 (1) For purposes of any public employment, a high school equivalency diploma or a
 14 regular high school diploma obtained through participation in the external diploma
 15 program shall be considered equal to a high school diploma issued under the
 16 provisions of KRS 158.140.

17 (a) A high school equivalency diploma shall be issued without charge upon
 18 successfully passing the test given by the **Kentucky Adult Education**
 19 **Program's**~~[Department for Adult Education and Literacy]~~ approved testing
 20 centers in conformance with requirements of the General Educational
 21 Development Testing Service of the American Council on Education. A fee
 22 may be assessed by the **Kentucky Adult Education Program**~~[Department for~~
 23 ~~Adult Education and Literacy]~~ for the issuance of a duplicate high school
 24 equivalency diploma and for issuance of a duplicate score report. All fees
 25 collected for duplicate diplomas and score reports shall be used to support the
 26 adult education program.

27 (b) As an alternative to receiving a high school equivalency diploma, persons who

are twenty-five (25) years or older may obtain a high school diploma through participation in the external diploma program. The diploma shall be issued upon achieving one hundred percent (100%) mastery on the competencies established by the American Council on Education. The *Kentucky Adult Education Program*~~[Department for Adult Education and Literacy]~~ may enter into agreements with local school districts to confer the high school diploma on successful participants in the external diploma program.

- (2) The *Kentucky Adult Education Program*~~[Department for Adult Education and Literacy]~~ is authorized to contract annually with an institution of higher education or other appropriate agency or entity for scoring the GED examination essay.

Section 37. KRS 151B.127 is amended to read as follows:

The General Assembly recognizes the critical condition of the educational level of Kentucky's adult population and seeks to stimulate the attendance at, and successful completion of, programs that provide a high school equivalency diploma. Incentives shall be provided to full-time employees who complete a high school equivalency diploma program within one (1) year and their employers. For purposes of this section "equivalent diploma" means a high school equivalency diploma issued after successful completion of the General Educational Development tests.

- (1) The *Kentucky Adult Education Program within*~~[Department for Adult Education and Literacy in conjunction with]~~ the Council on Postsecondary Education shall promulgate administrative regulations to establish the operational procedures for this section. The administrative regulations shall include, but not be limited to, the criteria for:

- (a) A learning contract that includes the process to develop a learning contract between the student and the adult education instructor with the employer's agreement to participate and support the student;

- 1 (b) Attendance reports that validate that the student is studying for the high school
2 equivalency diploma during the release time from work;
- 3 (c) Final reports that qualify the student for the tuition discounts under subsection
4 (2)(a) of this section and that qualify the employer for tax credits under
5 subsection (3) of the section.
- 6 (2) (a) An individual who has been out of secondary school for at least three (3)
7 years, develops and successfully completes a learning contract that requires a
8 minimum of five (5) hours per week to study for the high school equivalency
9 diploma tests, and passes the tests shall earn a tuition discount of two hundred
10 fifty dollars (\$250) per semester for a maximum of four (4) semesters at one
11 (1) of Kentucky's public postsecondary institutions.
- 12 (b) The program~~[department, with the cooperation of the Council on~~
13 ~~Postsecondary Education,]~~ shall work with the postsecondary institutions to
14 establish notification procedures for students who qualify for the tuition
15 discount.
- 16 (3) An employer who assists an individual to complete his or her learning contract
17 under the provisions of this section shall receive a state income tax credit for a
18 portion of the released time given to the employee to study for the tests. The
19 application for the tax credit shall be supported with attendance documentation
20 provided by the Kentucky Adult Education Program~~[Department for Adult~~
21 ~~Education and Literacy]~~ and calculated by multiplying fifty percent (50%) of the
22 hours released for study by the student's hourly salary, and not to exceed a credit of
23 one thousand two hundred fifty dollars (\$1250).
- 24 Section 38. KRS 151B.130 is amended to read as follows:
- 25 (1) There is hereby established a nonprofit foundation to be known as the "Foundation
26 for Adult Education." The purpose of the foundation shall be to supplement public
27 funding for adult training in order to expand existing basic skills training programs.

1 (2) Funding for the foundation shall be obtained through contributions by the private
 2 sector. The foundation shall be empowered to solicit and accept funds from the
 3 private sector to be used for grants to local education agencies to fund adult basic
 4 education programs especially designed for business and industry. Contributors may
 5 specify that contributed funds be used to improve the educational level of their
 6 employees as it relates to the GED instruction program.

7 (3) The foundation shall be governed by a board of trustees to be appointed by the
 8 secretary of the Education Cabinet~~[for Workforce Development]~~ with
 9 responsibility for adult education programs based on recommendations from
 10 business, industry, labor, education, and interested citizens. Staff for the board of
 11 trustees shall be provided by the cabinet.

12 (4) The foundation shall be attached to the office of the president of the Council on
 13 Postsecondary Education~~[secretary of the Cabinet for Workforce Development]~~ for
 14 administrative purposes.

15 Section 39. KRS 151B.150 is amended to read as follows:

16 The executive director~~[commissioner]~~ of the Office of Career and~~[Department for]~~
 17 Technical Education is vested with the authority to carry out the purposes of the program
 18 of vocational education and the provisions of the Acts of Congress accepted by KRS
 19 151B.145, and is given all the necessary power and authority in promulgating
 20 administrative regulations and administering vocational education and carrying out the
 21 provisions of the acts relating thereto.

22 Section 40. KRS 151B.155 is amended to read as follows:

23 The State Treasurer is custodian of all money received by the state from the federal
 24 government under the federal acts accepted by KRS 151B.145, and the State Treasurer
 25 shall collect the money and pay it out upon the order of the secretary of the Education
 26 Cabinet~~[for Workforce Development]~~.

27 Section 41. KRS 151B.165 is amended to read as follows:

1 Tuition and fees for secondary pupils enrolled in the state secondary area vocational
 2 education and technology centers operated by the Office of Career and~~Department for~~
 3 Technical Education shall be free to all residents of Kentucky. The executive
 4 director~~commissioner~~ of the Office of Career and~~Department for~~ Technical
 5 Education shall fix the rate of tuition and fees for adults who are enrolled in secondary
 6 programs in the state-operated area vocational education and technology centers under its
 7 control. Adult students enrolled in full-time postsecondary programs under the
 8 jurisdiction of the Kentucky Community and Technical College System that are
 9 physically located in an area vocational education or technology center shall pay the
 10 tuition as established by the Council on Postsecondary Education and fees as established
 11 by the board of regents for the Kentucky Community and Technical College System.

12 Section 42. KRS 151B.170 is amended to read as follows:

13 The executive director~~commissioner~~ of the Office of Career and~~Department for~~
 14 Technical Education may provide liability insurance for licensed and nonlicensed motor
 15 vehicles owned or operated by the Office of Career and~~Department for~~ Technical
 16 Education in vocational schools and centers. If the transportation of members of the
 17 student bodies is let out under contract, the contract shall require the contractor to carry
 18 an indemnity bond or liability insurance against negligence in such amounts as the
 19 executive director~~commissioner~~ of the Office of Career and~~Department for~~ Technical
 20 Education designates. In either case, the indemnity bond or insurance policy shall be
 21 issued by a surety or insurance company authorized to transact business in this state, and
 22 shall bind the company to pay any final judgment not to exceed the limits of the policy
 23 rendered against the insured for loss or damage to property of any student or other person,
 24 or death or injury of any student or other person.

25 Section 43. KRS 151B.175 is amended to read as follows:

26 (1) The executive director~~commissioner~~ of the Office of Career and~~Department for~~
 27 Technical Education is authorized to provide medical and accident insurance for

1 students enrolled in the state secondary area technology centers and area vocational
 2 education centers. The Office of Career and~~Department for~~ Technical Education
 3 may enter into a contract or contracts with one (1) or more sureties or insurance
 4 companies or their agents to provide appropriate medical and accident insurance
 5 coverage and to provide group coverage to all students enrolled in state-operated
 6 schools under its jurisdiction. The appropriate group coverage shall be issued by
 7 one (1) or more sureties or insurance companies authorized to transact business in
 8 this state, and such coverage shall be approved by the executive director of
 9 insurance.

10 (2) The executive director~~commissioner~~ of the Office of Career and~~Department for~~
 11 Technical Education shall promulgate administrative regulations to implement the
 12 medical and accident insurance program. The executive director~~commissioner~~ of
 13 the Office of Career and~~Department for~~ Technical Education may fix the rate of
 14 fees for all secondary students, the provisions of KRS 151B.165 with respect to fees
 15 for secondary students notwithstanding, as he or she deems necessary to meet the
 16 expense in whole or in part for appropriate student medical and accident insurance.

17 (3) The limits of liability and other appropriate provisions for student medical and
 18 accident insurance authorized by this section shall be set by the executive
 19 director~~commissioner~~ of the Office of Career and~~Department for~~ Technical
 20 Education.

21 Section 44. KRS 151B.185 is amended to read as follows:

22 (1) The Office~~Department~~ of Vocational Rehabilitation is hereby created within~~and~~
 23 ~~shall be attached to~~ the Education Cabinet, Department of Workforce Investment~~for~~
 24 ~~for Workforce Development~~. The office~~department~~ shall consist of an executive
 25 director~~a commissioner~~ and those administrative bodies and employees provided
 26 or appointed pursuant to law. The office~~department~~ shall be composed of the
 27 Division of~~Divisions of~~ Administrative Management, Program Planning and

Development,] Program Services[,] and the Division of the Carl D. Perkins[
 Comprehensive] Rehabilitation Center. Each division shall be headed by a director
 appointed by the secretary of the Education Cabinet under the provisions of KRS
12.050[commissioner of the Department of Vocational Rehabilitation], and shall be
 composed of organizational entities as deemed appropriate by the secretary of the
Education Cabinet[commissioner of the Department of Vocational Rehabilitation,
 as set forth by administrative order].

(2) The Office[Department] of Vocational Rehabilitation shall have such powers and
 duties as contained in KRS 151B.180 to 151B.210 and such other functions as may
 be established by administrative regulation.

(3) The office[department] shall be the sole state agency for the purpose of developing
 and approving state plans required by state or federal laws and regulations as
 prerequisites to receiving federal funds for vocational rehabilitation.

(4) The chief executive officer of the office[department] shall be the executive
director[commissioner] of the Office[Department] of Vocational Rehabilitation.
 The executive director[commissioner] shall be appointed by the secretary of the
Education Cabinet under the provisions of KRS 12.050[Cabinet for Workforce
 Development]. The executive director[commissioner] shall have experience in
 vocational rehabilitation and supervision and shall have general supervision and
 direction over all functions of the office[department] and its employees, and shall
 be responsible for carrying out the programs and policies of the office[department].

(5) Except as otherwise provided, the office[department] shall be the state agency
 responsible for all rehabilitation services and for other services as deemed
 necessary. The office[department] shall be the agency authorized to expend all state
 and federal funds designated for rehabilitation services. The Office of the Secretary
 of the Education Cabinet[for Workforce Development] is authorized as the state
 agency to receive all state and federal funds and gifts and bequests for the benefit of

1 rehabilitation services.

2 (6) Employees under the jurisdiction of the Office~~[Department]~~ of Vocational
3 Rehabilitation who are members of a state retirement system as of June 30, 1990,
4 shall remain in their respective retirement systems.

5 Section 45. KRS 151B.195 is amended to read as follows:

- 6 (1) The executive director~~[commissioner]~~ of the Office~~[Department]~~ of Vocational
7 Rehabilitation shall prescribe administrative regulations governing the services,
8 personnel, and administration of the State Vocational Rehabilitation Agency; may
9 enter into reciprocal agreements with other states to provide for the vocational
10 rehabilitation of residents of the states concerned; may establish and supervise the
11 operation of small businesses established pursuant to KRS 151B.180 to 151B.210
12 to be conducted by eligible individuals with severe disabilities; and may establish
13 state funded special programs for vocational rehabilitation in the state vocational
14 rehabilitation agency.
- 15 (2) Except as provided in KRS 151B.190, the executive director~~[commissioner]~~ may
16 prescribe administrative regulations to establish fees for services provided to
17 individuals or entities, public or private.
- 18 (3) The executive director~~[commissioner]~~ is authorized to provide liability insurance or
19 an indemnity bond against the negligence of drivers of motor vehicles owned or
20 operated by the office~~[department]~~ for the transportation of applicants or clients of
21 the office~~[department]~~. If the transportation is let out under contract, the contract
22 shall require the contractor to carry an indemnity bond or liability insurance against
23 negligence to such amounts as the executive director~~[commissioner]~~ designates. In
24 either case, the indemnity bond or insurance policy shall be issued by a surety or
25 insurance company authorized to transact business in this state, and shall bind the
26 company to pay any final judgment not to exceed the limits of the policy rendered
27 against the insured for loss or damage to property of any applicant or client or other

1 person, or death or injury of any applicant or client or other person.

2 (4) The provisions of any other statute notwithstanding, the executive
 3 director~~[commissioner]~~ is authorized to use receipt of funds from the Social
 4 Security reimbursement program for a direct service delivery staff incentive
 5 program. Incentives may be awarded if case service costs are reimbursed for job
 6 placement of Social Security or Supplemental Security Income recipients at the
 7 Substantial Gainful Activity (SGA) level for nine (9) months pursuant to 42 U.S.C.
 8 sec. 422 and under those conditions and criteria as are established by the federal
 9 reimbursement program.

10 Section 46. KRS 151B.205 is amended to read as follows:

11 The State Treasurer is hereby designated as the custodian of all funds. The State
 12 Treasurer shall make disbursements for vocational rehabilitation purposes upon
 13 certification by the executive director~~[commissioner]~~ of the Office~~[Department]~~ of
 14 Vocational Rehabilitation.

15 Section 47. KRS 151B.210 is amended to read as follows:

16 The executive director~~[commissioner]~~ of the Office~~[Department]~~ of Vocational
 17 Rehabilitation may~~[,]~~ accept and use gifts made by will or otherwise for carrying out the
 18 purposes of KRS 151B.180 to 151B.210. Gifts made under such conditions as in the
 19 judgment of the executive director~~[commissioner]~~ of the Office~~[Department]~~ of
 20 Vocational Rehabilitation are proper and consistent with the provisions of KRS 151B.180
 21 to 151B.210 may be so accepted and shall be held, invested, reinvested, and used in
 22 accordance with the provisions of KRS 151B.180 to 151B.210.

23 Section 48. KRS 151B.225 is amended to read as follows:

24 (1) There is hereby created a Client Assistance Program which is assigned for
 25 administrative purposes to the Office of Legal~~[Budget and Administrative]~~ Services
 26 within the Education~~[office of the secretary of the]~~ Cabinet~~[for Workforce~~
 27 Development].

1 (2) The Client Assistance Program shall pursue legal, administrative, and other
 2 appropriate remedies to ensure the protection of rights of individuals with
 3 disabilities who are receiving treatment, services, or rehabilitation under the
 4 Rehabilitation Act of 1973, as amended. If additional resources are required to
 5 perform the duties and responsibilities of the Client Assistance Program, the
 6 cabinet, on behalf of the Client Assistance Program, may contract with other state
 7 agencies to obtain necessary legal or other professional services.

8 (3) The Office of Legal~~[Budget and Administrative]~~ Services shall serve as the agency
 9 in charge of all personnel, equipment, records, files, and funds pertaining to the
 10 Client Assistance Program as provided for in the Rehabilitation Act of 1973, as
 11 amended.

12 Section 49. KRS 151B.230 is amended to read as follows:

13 (1) There is hereby established a nonprofit foundation to be known as the "Foundation
 14 for Workforce Development." The purpose of the foundation shall be to supplement
 15 public funding for technical education programs in order to expand existing skills
 16 training programs.

17 (2) Funding for the foundation shall be obtained through contributions by the private
 18 sector. The foundation shall be empowered to solicit and accept funds from the
 19 private sector to be used to fund technical education programs especially designed
 20 for business and industry. Contributors may specify that contributed funds be used
 21 to improve the technical skill level of their employees.

22 (3) The foundation shall be governed by a board of trustees to be appointed by the
 23 secretary of the Education Cabinet~~[for Workforce Development]~~ based on
 24 recommendations from business, industry, labor, education, and interested citizens.
 25 Staff assistance for the board of trustees shall be provided by the Office of Career
 26 and~~[Department for]~~ Technical Education.

27 (4) The foundation shall be attached to~~[the office of the secretary of]~~ the Education

1 Cabinet~~[for Workforce Development]~~ for administrative purposes.

2 (5) The foundation shall report its finances consistent with statutes and regulations
3 promulgated by the Finance and Administration Cabinet. An annual report shall be
4 made to the Interim Joint Committee on Appropriations and Revenue. This report
5 shall follow generally accepted accounting procedures and shall include a detail
6 reporting on all moneys acquired and expended.

7 Section 50. KRS 151B.240 is amended to read as follows:

8 (1) The Statewide Independent Living Council is hereby created and attached to the
9 Office~~[Department]~~ of Vocational Rehabilitation for administrative purposes to
10 accomplish the purposes enumerated in 29 U.S.C. sec. 796d (Title VII, Part A,
11 Section 705 of the Rehabilitation Act Amendments of 1998). Members of the
12 council shall be appointed by the Governor from recommendations submitted by the
13 Office~~[Department]~~ of Vocational Rehabilitation consistent with the federal
14 mandate to include a majority of individuals with disabilities representing
15 geographical and disability diversity, as well as representatives from identified
16 service providers and other entities. The composition, qualifications, and terms of
17 service of the council shall conform to the federal law.

18 (2) (a) Except as provided in paragraph (b) of this subsection, any vacancy occurring
19 in the membership of the Statewide Independent Living Council shall be filled
20 in the same manner as the original appointment. The vacancy shall not affect
21 the power of the remaining members of the council.

22 (b) The Governor may delegate the authority to fill a vacancy to the remaining
23 voting members of the council.

24 (3) Each member of the Statewide Independent Living Council may receive a per diem
25 of one hundred dollars (\$100), not to exceed six hundred dollars (\$600) annually,
26 for each regular or special meeting attended if the member is not employed or must
27 forfeit wages from other employment. Each member may have travel expenses

approved at the established state rate and expenses reimbursed at the established state agency rate for services such as personal assistance, child care, and drivers for attendance at council meetings, and in the performance of duties authorized by the Statewide Independent Living Council. The per diem and expenses shall be paid out of the federal funds appropriated under Title VII, Chapter 1, Part A, and Title VII, Chapter 1, Part C of the Rehabilitation Act Amendments of 1998, Pub. L. 105-220.

Section 51. KRS 151B.245 is amended to read as follows:

- (1) The Statewide Council for Vocational Rehabilitation is hereby created within the ~~Office~~~~[Department]~~ of Vocational Rehabilitation to accomplish the purposes and functions enumerated in 29 U.S.C. sec. 725 (Title I, Part A, Section 105 of the Rehabilitation Act Amendments of 1998). Members of the council shall be appointed by the Governor from recommendations submitted by the ~~Office~~~~[Department]~~ of Vocational Rehabilitation consistent with the federal mandate to include a majority of individuals with disabilities not employed by the ~~office,~~~~[department]~~ as well as representatives of specified organizations, service providers, and advocacy groups. The compensation, qualifications, and terms of service of the council shall conform to the federal law.
- (2) (a) Except as provided in paragraph (b) of this subsection, any vacancy occurring in the membership of the Statewide Council for Vocational Rehabilitation shall be filled in the same manner as the original appointment. The vacancy shall not affect the power of the remaining members of the council.
- (b) The Governor may delegate the authority to fill a vacancy to the remaining voting members of the council.
- (3) Each member of the Statewide Council for Vocational Rehabilitation may receive a per diem of one hundred dollars (\$100), not to exceed six hundred dollars (\$600) annually, for each regular or special meeting attended if the member is not employed or must forfeit wages from other employment. Each member may have

1 travel expenses approved at the established state rate and expenses reimbursed at
 2 the established state agency rate for services such as personal assistance, child care,
 3 and drivers for attendance at council meetings, and in the performance of duties
 4 authorized by the Statewide Council for Vocational Rehabilitation. The per diem
 5 and expenses shall be paid out of the federal funds appropriated under Title I, Part
 6 A, of the Rehabilitation Act Amendments of 1998, Pub. L. 105-220.

7 Section 52. KRS 151B.250 is amended to read as follows:

8 (1) It is the intent of the General Assembly to create and support a School-to-Careers
 9 System that involves business, labor, education, and government to prepare students
 10 for careers in an ever-changing economy.

11 (2) The Office of Career and~~Department for~~ Technical Education within the
 12 Education Cabinet~~for Workforce Development~~ shall coordinate the School-to-
 13 Work effort with the Kentucky Department of Education. As the School-to-Work
 14 effort is a federally supported program that fits within the overall mission of the
 15 School-to-Careers System, it is critical that collaboration and coordination occur.
 16 The following elements shall be coordinated when possible:

- 17 (a) Planning and partner involvement of business, labor, education, government,
 18 community-based organizations, employers, parents, and students;
- 19 (b) Career awareness, exploration, preparation, and guidance incorporated in the
 20 school curriculum;
- 21 (c) A comprehensive system approach from the primary through postsecondary
 22 levels with all students having the opportunity to participate;
- 23 (d) Applied learning experiences;
- 24 (e) Integration of academic and occupational education;
- 25 (f) Performance assessment;
- 26 (g) Actual or simulated learning at the school or the worksite;
- 27 (h) Curriculum based on skill standards representing all aspects of an industry;

- 1 (i) Secondary to postsecondary articulation;
- 2 (j) Postsecondary articulation; and
- 3 (k) Professional development opportunities for all partners.
- 4 (3) The Office of Career and~~[Department for]~~ Technical Education may promulgate
- 5 administrative regulations establishing policy for the development and
- 6 implementation of a school-to-work transition system.
- 7 (4) The Office of Career and~~[Department for]~~ Technical Education shall comply with
- 8 the provisions of the federal School-to-Work Opportunities Act, Pub.L. 103-239 as
- 9 it is amended from time to time.

10 Section 53. KRS 151B.280 is amended to read as follows:

- 11 (1) The Office of~~[Department for]~~ Employment and Training~~[Services]~~ is created and
- 12 established within the Department of Workforce Investment within~~[shall be~~
- 13 ~~attached to]~~ the Education Cabinet~~[for Workforce Development]~~. The Office
- 14 of~~[Department for]~~ Employment and Training~~[Services]~~ shall develop and operate
- 15 employment development and placement programs, including job recruitment and
- 16 business liaison functions, employability development and training programs, and
- 17 job counseling and placement programs of the cabinet. In addition, the
- 18 office~~[department]~~ shall develop and operate all programs relating to the
- 19 unemployment insurance laws of the Commonwealth, including responsibilities
- 20 relating to hearing and judging unemployment insurance benefit appeals.
- 21 (2) The Office of~~[Department for]~~ Employment and Training~~[Services]~~ shall be
- 22 headed by an executive director~~[a commissioner]~~ appointed by the secretary with
- 23 the approval of the Governor, in accordance with KRS 12.050. The executive
- 24 director~~[commissioner]~~ for employment and training~~[services]~~ shall be a person
- 25 who, by experience and training in administration and management, is qualified to
- 26 perform the duties of the office. The executive director~~[commissioner]~~ of
- 27 employment and training~~[services]~~ shall exercise authority over the Office

1 ~~of Department for~~ Employment and Training~~[Services]~~ under the direction of the
 2 commissioner of the Department of Workforce Investment~~[secretary]~~, and shall
 3 fulfill only the responsibilities delegated by the commissioner~~[secretary]~~.

4 (3) (a) The secretary of the Education Cabinet~~[for Workforce Development]~~ shall
 5 develop and promulgate administrative regulations which protect the
 6 confidential nature of all records and reports of the Office of~~[Department for]~~
 7 Employment and Training~~[Services]~~ which directly or indirectly identify a
 8 client or former client and which insure that these records are not disclosed to
 9 or by any person except and insofar as:

- 10 1. The person identified shall give his consent; or
- 11 2. Disclosure may be permitted under state or federal law.

12 (b) Notwithstanding any other state statute or administrative regulation to the
 13 contrary, any information concerning individual clients or applicants in the
 14 possession of the Office of~~[Department for]~~ Employment and
 15 Training~~[Services]~~ may be shared with any authorized representative of any
 16 other state or local governmental agency, if the agency has a direct, tangible,
 17 and legitimate interest in the individual. The agency receiving the information
 18 shall assure the confidentiality of all information received. The Office
 19 of~~[Department for]~~ Employment and Training~~[Services]~~ may share
 20 information concerning a client or applicant with any private or quasi-private
 21 agency if:

- 22 1. The agency has an agreement with the cabinet assuring the
 23 confidentiality of the information; and
- 24 2. The agency has a direct, tangible, and legitimate interest in the
 25 individual.

26 Section 54. KRS 151B.285 is amended to read as follows:

27 The Education Cabinet~~[for Workforce Development]~~ shall administer and supervise

1 state employment offices and perform any other duties within the Act of Congress
 2 entitled "An Act to provide for the establishment of a National Employment Service and
 3 for Cooperation with the State in the Promotion of Such System and for Other Purposes,"
 4 approved June 6, 1933 (48 Stat. 113, U.S.C., Title 29, sec. 49(c)), as amended, and
 5 known as the Wagner-Peyser Act. All duties and powers relating to the establishment,
 6 maintenance, and operation of free public employment offices are vested in the
 7 Education Cabinet~~[for Workforce Development]~~. The provisions of the Wagner-Peyser
 8 Act, as amended, are accepted by this state. in conformity with Section 4 of that Act, and
 9 this state will observe and comply with the requirements of that Act. The Education
 10 Cabinet~~[for Workforce Development]~~ is designated and constituted the agency of this
 11 state for the purposes of the Wagner-Peyser Act.

12 Section 55. KRS 151B.410 is amended to read as follows:

13 (1) The Kentucky Adult Education Program~~[Department for Adult Education and~~
 14 ~~Literacy]~~ shall promulgate necessary administrative regulations and administer a
 15 statewide adult education and literacy system throughout the state. The adult
 16 education and literacy system shall include diverse educational services provided by
 17 credentialed professionals, based on the learners' current needs and a commitment
 18 to life-long learning.

19 (a) Services shall be provided at multiple sites appropriate for adult learning
 20 including vocational and technical colleges, community colleges, regional
 21 universities, adult education centers, public schools, libraries, family resource
 22 centers, adult correctional facilities, other institutions, and through the
 23 Kentucky Commonwealth Virtual University. Services shall be targeted to
 24 communities with the greatest need based on the number of adults at literacy
 25 levels I and II as defined by the 1997 Kentucky Adult Literacy Survey and
 26 other indicators of need.

27 (b) Access and referral services shall be initiated at multiple points including

businesses, educational institutions, labor organizations, employment offices,
and government offices.

(c) Multiple funding sources, program support, and partnerships to administer the
adult education and literacy system may include student scholarship and
grants; fees for services rendered; and other general, agency, local, state,
federal, and private funds.

(2) Services included as part of the adult education and literacy system shall include,
but not be limited to functionally-contexted workplace essential skills training based
on employers' needs, leading to a competency-based certificate indicating
proficiency in critical thinking, computing, reading, writing, communicating,
problem-solving, team-building, and use of technology at various worksites
regarding basic skills.

(3) In administering an adult education and literacy system, the Kentucky Adult
Education Program~~[Department for Adult Education and Literacy]~~ shall:

(a) Assist providers with the development of quality job-specific and workplace
essential skills instruction for workers in business and industry, literacy and
adult basic education, adult secondary education, including high school
equivalency diploma preparation, the external diploma program, English as a
second language, and family literacy programs, in cooperation with local
business, labor, economic development, educational, employment, and service
support entities;

(b) Provide assessments of each student's skill and competency level allowing
assessments to be shared with other educational and employment entities
when necessary for providing additional educational programs, taking into
consideration student confidentiality;

(c) Assist adult educators to meet professional standards;

(d) Create an awareness program in cooperation with the Administrative Office of

the Courts to ensure that District and Circuit Court Judges are aware of the provisions of KRS 533.200 and the methods to access adult education and literacy programs for persons sentenced under the statute;

(e) Develop administrative regulations including those for business and industry service participation and mechanisms for service funding through all appropriate federal, state, local, and private resources;

(f) Require and monitor compliance with the program's~~[department's]~~ administrative regulations and policies; and

(g) Develop and implement performance measures and benchmarks.

Section 56. KRS 151B.450 is amended to read as follows:

As used in KRS 151B.450 to 151B.475, unless the context requires otherwise:

(1) "Assistive technology" means any item, piece of equipment, or device that enables an individual with a disability to improve his or her independence and quality of life.

(2) "Board" means the board of directors of the Kentucky Assistive Technology Loan Corporation.

(3) "Cabinet" means the Education Cabinet~~[for Workforce Development]~~.

(4) "Corporation" means the Kentucky Assistive Technology Loan Corporation created under KRS 151B.455.

(5) "Fund" means the Kentucky assistive technology loan fund created under KRS 151B.470.

(6) "Qualified borrower" means an individual with a disability that affects a major life activity such as mobility, sensory and cognitive communications, or self-care, a parent or legal guardian of an individual with a disability, or a nonprofit organization that provides assistive technology to individuals with disabilities who meet the criteria for participating in the Kentucky assistive technology loan fund.

(7) "Qualified lender" means a financial lending institution or other qualified

1 organization contracted with by the corporation to provide loans for the purchase of
2 assistive technology.

3 Section 57. KRS 151B.455 is amended to read as follows:

4 (1) The Kentucky Assistive Technology Loan Corporation is created and established as
5 an independent de jure municipal corporation and political subdivision of the
6 Commonwealth of Kentucky to perform essential governmental and public
7 functions for the purpose of improving the quality of life for disabled persons who
8 are residents of the Commonwealth of Kentucky by providing the ability to obtain
9 low-interest loans to qualified borrowers for the acquisition of assistive technology.

10 (2) The corporation shall be governed by a board of directors consisting of seven (7)
11 members as follows:

12 (a) The secretary of the Education Cabinet~~[for Workforce Development]~~ or the
13 secretary's designated representative;

14 (b) One (1) attorney with lending expertise;

15 (c) One (1) representative of a financial lending institution; and

16 (d) Four (4) public members with a knowledge of assistive technology
17 representing a range of disabilities.

18 (3) All board members shall be residents of the Commonwealth of Kentucky and all,
19 with the exception of the secretary or the secretary's designee, shall be appointed by
20 the Governor. Each public member shall be an individual with a disability, a parent
21 of an individual with a disability, or a legal representative of an individual with a
22 disability. In making appointments the Governor shall seek recommendations from
23 disability-related associations and organizations representing the categories of
24 disabilities for which appointments are being made.

25 (4) For initial appointments to the board, two (2) public members shall be appointed for
26 terms of four (4) years each, two (2) public members for terms of three (3) years
27 each, the attorney member for a term of two (2) years, and the member representing

1 a financial lending institution for a term of one (1) year. All succeeding terms shall
2 be for a period of four (4) years each, and each appointee shall serve for the
3 appointed term and until a successor has been appointed and has duly qualified. No
4 person shall serve more than two (2) successive full terms.

5 (5) If a vacancy on the board occurs, the Governor shall appoint a replacement who
6 shall hold office during the remainder of the term vacated.

7 (6) The Governor may remove any board member in case of incompetency, neglect of
8 duties, gross immorality, or malfeasance in office, and may upon removal declare
9 the position vacant and appoint a person to fill the vacancy as provided in other
10 cases of vacancy. If a board member is so removed, he or she may appeal. Upon
11 appeal an administrative hearing shall be conducted in accordance with KRS
12 Chapter 13B.

13 Section 58. KRS 151B.460 is amended to read as follows:

14 (1) At the first board meeting following initial appointment of all board members, the
15 board shall elect a chair from its membership, and a chair shall be elected annually
16 thereafter.

17 (2) A majority of the board of directors of the corporation shall constitute a quorum for
18 the purpose of conducting its business and exercising its powers and for all other
19 purposes, notwithstanding the existence of any vacancies on the board of directors.

20 (3) The board of directors shall meet at least once a quarter, and may meet at other
21 times upon call of the chair or at the request of a majority of board members, and
22 with a minimum of seven (7) days' notice.

23 (4) Board members shall receive no compensation for their services but may be entitled
24 to payment of any reasonable and necessary expense actually incurred in
25 discharging their duties under KRS 151B.450 to 151B.475, subject to the
26 availability of funding.

27 (5) If any board member has a direct or indirect interest in any qualified lender or any

1 organization serving as a qualified borrower, the interest shall be disclosed and set
2 forth in the minutes of the board, and the board member having the interest shall not
3 participate in any action involving the organization in which he or she has the
4 interest.

- 5 (6) The Education Cabinet~~[for Workforce Development]~~ shall provide technical,
6 clerical, and administrative assistance to the board, together with necessary office
7 space and personnel, and shall provide any other services and support necessary for
8 the board to perform its functions. The cabinet shall keep a record of the
9 proceedings of the board and shall be custodian of all books, documents, and papers
10 which constitute the official records of the corporation. The board may enter into a
11 contract with the cabinet as may be proper and appropriate for the provision of these
12 services.

13 Section 59. KRS 151B.470 is amended to read as follows:

- 14 (1) There is established in the State Treasury a permanent and perpetual fund to be
15 known as the assistive technology loan fund, consisting of moneys that may be
16 appropriated by the General Assembly, gifts, bequests, endowments, or grants from
17 the United States government, its agencies and instrumentalities, and any other
18 available sources of funds, public and private. Any fund balance at the close of a
19 fiscal year shall not lapse but shall be carried forward to the next fiscal year, and
20 moneys in the fund shall be continuously appropriated only for the purposes
21 specified in this section. Interest and income earned from the investment of funds
22 shall remain in the fund and be credited to it.
- 23 (2) The fund shall be used to provide loans to qualified borrowers within the
24 Commonwealth for the purpose of acquiring assistive technology designed to help
25 individuals with disabilities become more independent. Loans shall be made to
26 qualified borrowers through qualified lenders with the fund being used as
27 appropriate to negotiate reduced interest rates, to buy down interest rates, and to

1 provide loan guarantees.

2 (3) The fund shall be under the administrative control of the board.

3 (4) If the corporation is dissolved, any unencumbered moneys appropriated by the
4 General Assembly remaining in the fund shall revert to the general fund, and any
5 other unencumbered moneys shall be transferred to the Education Cabinet ~~for~~
6 ~~Workforce Development~~ to be expended for programs and services for
7 Kentuckians with disabilities.

8 Section 60. KRS 153.220 is amended to read as follows:

9 The duties and functions of the arts council shall be to:

- 10 (1) Stimulate and encourage throughout the state the study and presentation of the arts,
11 and foster public interest and participation therein;
- 12 (2) Encourage public interest in the cultural heritage of our state and expand the state's
13 cultural resources;
- 14 (3) Encourage and assist freedom of artistic expression essential for the well-being of
15 the arts;
- 16 (4) Serve as the sole agency in the Commonwealth for administration of a state arts
17 plan developed in coordination with the Commerce~~Education, Arts, and~~
18 ~~Humanities~~ Cabinet;
- 19 (5) Establish standards and procedures and advisory committees as necessary to advise
20 the Governor on the selection of the Kentucky poet laureate or writer laureate;
- 21 (6) Advise the Governor on matters pertaining to the arts;
- 22 (7) Adopt and promulgate regulations for the performance of its duties and functions
23 provided in KRS 153.210 to 153.235;
- 24 (8) Receive federal grants, and other money and property of any nature whatsoever
25 which may be given, donated, conveyed, bequeathed, devised, or otherwise
26 transferred, without condition or restriction, except that provided by law, other than
27 that it be used for some purpose of the council as permitted by KRS 153.210 to

1 153.235;

2 (9) Contract from time to time, as appropriate, with experts and consultants who may
3 be utilized as deemed necessary, and make other necessary purchases and
4 expenditures, all in accordance with the state plan approved by the secretary of the
5 Commerce~~[Education, Arts, and Humanities]~~ Cabinet and with the state purchasing
6 provisions of KRS Chapters 45 and 45A;

7 (10) Hold public and private hearings for the purpose of furthering the objectives of the
8 council's programs; and

9 (11) Make and sign any agreements, subject to the provisions of KRS Chapters 45 and
10 45A, and do and perform any acts that may be necessary to carry out the purposes of
11 KRS 153.210 to 153.235.

12 Section 61. KRS 153.620 is amended to read as follows:

13 (1) April 24 of each year is declared to be "Kentucky Writers' Day."

14 (2) The Commerce~~[Education, Arts, and Humanities]~~ Cabinet may plan and direct a
15 yearly event on April 24 honoring Kentucky writers. These plans may include
16 designing programs for schools and civic or business organizations.

17 Section 62. KRS 154.10-050 is amended to read as follows:

18 (1) The secretary shall be the chief executive officer of the Cabinet for Economic
19 Development and shall possess the professional qualifications appropriate for that
20 office as determined by the board.

21 (2) The board shall set the salary of the secretary, which shall be exempt from state
22 employee salary limitations as set forth in KRS 64.640.

23 (3) The secretary shall be responsible for the day-to-day operations of the cabinet and
24 shall report and submit on an annual basis implementation plans to the board as
25 provided in KRS 154.10-060; submit the strategic plan for economic development
26 to the board in accordance with the provisions of KRS 154.10-120 and 154.10-125;
27 submit program evaluation reports to the board in accordance with the provisions of

1 KRS 154.10-140; carry out policy and program directives of the board; coordinate
 2 programs of the cabinet with all other agencies of state government having
 3 economic development responsibilities; hire all other personnel of the cabinet
 4 consistent with state law; and carry out all other duties and responsibilities assigned
 5 by state law.

6 (4) The secretary shall prepare and submit the proposed budget of the cabinet to the
 7 chairman who shall present it to the board for final approval. Upon approval, the
 8 board shall submit the proposed budget to the Governor's Office for Policy and
 9 Management.

10 (5) The secretary shall be reimbursed for all actual and necessary expenses incurred in
 11 the performance of all assigned duties and responsibilities.

12 (6) The secretary shall, in carrying out the duties and responsibilities of the office and
 13 in administering the programs in KRS 154.12-216 to 154.12-278, give highest
 14 priority consideration in marketing, targeting, and recruiting new businesses, in
 15 expanding existing businesses, and in recommending state economic development
 16 loans, grants, and incentive programs administered by the authority, to Kentucky
 17 counties which have had an average countywide rate of unemployment of fifteen
 18 percent (15%) or greater in the most recent twelve (12) consecutive months for
 19 which unemployment figures are available, on the basis of the final unemployment
 20 figures calculated by the Office of~~Department for~~ Employment and
 21 Training~~Services~~ within the Department of Workforce Investment within the
 22 Education Cabinet~~for Workforce Development~~.

23 Section 63. KRS 154.12-203 is amended to read as follows:

24 (1) There is created the Kentucky Commission on Military Affairs. The commission
 25 shall be a separate administrative body of state government within the meaning of
 26 KRS Chapter 12.

27 (2) It shall be the purpose of the Kentucky Commission on Military Affairs to:

- 1 (a) Address matters of military significance to Kentucky;
- 2 (b) Maintain a cooperative and constructive relationship between state agencies
3 and the military entities in Kentucky, as necessary to ensure coordination and
4 implementation of unified, comprehensive, statewide strategies involved with,
5 or affected by, the military;
- 6 (c) Advise the Governor, the General Assembly, the Kentucky congressional
7 delegation, and other appropriate government officials on all matters in which
8 the military services and the Commonwealth have mutual interests, needs, and
9 concerns;
- 10 (d) Take action to promote and optimize state and Department of Defense
11 initiatives that will improve the military value of Kentucky's National Guard,
12 active, and reserve military force structure and installations, and improve the
13 quality of life for military personnel residing in the Commonwealth;
- 14 (e) Coordinate, as necessary, the state's interest in future Department of Defense
15 base closure and restructuring activities;
- 16 (f) Recommend state, federal, and local economic development projects which
17 would promote, foster, and support economic progress through military
18 presence in the Commonwealth;
- 19 (g) Promote and assist the private sector in developing spin-off investments,
20 employment, and educational opportunities associated with high-technology
21 programs and activities at Kentucky's military installations;
- 22 (h) Recommend to the Kentucky Economic Development Partnership the long-
23 range options and potential for the defense facilities located in Kentucky;
- 24 (i) Develop strategies to encourage military personnel to retire and relocate in
25 Kentucky and promote those leaving the military as a viable quality workforce
26 for economic development and industrial recruitment; and
- 27 (j) Allocate available grant money to qualified applicants to further the purposes

1 of paragraphs (a) to (i) of this subsection.

2 (3) The Kentucky Commission on Military Affairs shall consist of:

3 (a) The Governor, or his designated representative;

4 (b) The secretary of the Cabinet for Economic Development, or his designated
5 representative;

6 (c) The adjutant general of the Commonwealth, or his designated representative;

7 (d) The executive director of the Kentucky Long-Term Policy Research Center, or
8 his designated representative;

9 (e) The executive director of the Office of Homeland Security, or his designated
10 representative;

11 (f) The secretaries of the following cabinets, or their designees:

12 1. Finance and Administration;

13 2. Justice;

14 3. Environmental and Public Protection;

15 4. Transportation;

16 5. ~~Workforce Development;~~

17 6. ~~Education, Arts, and Humanities;~~

18 6.~~7.~~ Health and Family Services; and

19 7.~~8.~~ Personnel.

20 (g) The Attorney General, or his designee;

21 (h) The commissioner of the Department of Veterans' Affairs or a designee;

22 (i) The executive director of the Kentucky Commission on Military Affairs or a
23 designee;

24 (j) Kentucky's Civilian Aides to the Secretary of the United States Army;

25 (k) Two (2) members of the Kentucky General Assembly, with experience in or
26 an interest in military and defense-related issues, one (1) member to be
27 appointed by the President of the Senate, and one (1) member to be appointed

- 1 by the Speaker of the House;
- 2 (l) The commander or the designee of the commander of each of the following as
- 3 nonvoting, ex officio members:
- 4 1. Fort Campbell;
- 5 2. Fort Knox;
- 6 3. United States Army Recruiting Command;
- 7 4. Bluegrass Army Depot;
- 8 5. Louisville District of the United States Army Corps of Engineers;
- 9 6. The One Hundredth Training Division;
- 10 7. Naval Surface Warfare Center - Port Hueneme Division, Louisville
- 11 Detachment; and
- 12 8. Any other installation or organization, including but not limited to the
- 13 United States Coast Guard, Air Force, Navy, and Marine Corps, with a
- 14 military mission in the Commonwealth; and
- 15 (m) Five (5) at-large members appointed by the Governor who shall be residents
- 16 of counties significantly impacted by military installations.
- 17 (4) The terms of the five (5) at-large members shall be staggered so that two (2)
- 18 appointments shall expire at two (2) years, one (1) appointment shall expire at three
- 19 (3) years, and two (2) appointments shall expire at four (4) years, from the dates of
- 20 initial appointment.
- 21 (5) (a) The commission shall establish an executive committee consisting of the
- 22 secretary of the Cabinet for Economic Development, the adjutant general of
- 23 the Commonwealth, the commissioner of the Department of Veterans' Affairs,
- 24 the executive director of the Kentucky Commission on Military Affairs, and
- 25 the five (5) at-large members. The chair and vice chair of the Kentucky
- 26 Commission on Military Affairs shall be appointed by the Governor from
- 27 among the members of the executive committee.

- 1 (b) The chair and vice chair of the commission shall also serve as chair and vice
2 chair of the executive committee.
- 3 (c) The executive committee shall serve as the search committee for an executive
4 director of the commission and shall have any other authority the commission
5 delegates to it.
- 6 (6) The commission shall meet two (2) times each year, and may meet at other times on
7 call of the chair, to establish the commission's goals and to review issues identified
8 and recommendations made by the executive committee. A majority of the
9 members shall constitute a quorum for the transaction of the commission's business.
10 Members' designees shall have voting privileges at commission meetings.
- 11 (7) Members of the commission shall serve without compensation, but shall be
12 reimbursed for their necessary travel expenses actually incurred in the discharge of
13 their duties on the commission, subject to Finance and Administration Cabinet
14 administrative regulations.
- 15 (8) The commission may establish committees or work groups composed of
16 commission members and citizens as necessary to advise the commission in
17 carrying out its responsibilities, duties, and powers. Citizen members of committees
18 or work groups shall not have a vote.
- 19 (9) The commission may promulgate necessary administrative regulations as prescribed
20 by KRS Chapter 13A.
- 21 (10) The commission may adopt bylaws and operating policies necessary for its efficient
22 and effective operation.
- 23 (11) There shall be an executive director, who shall be the administrative head and chief
24 executive officer of the commission, recommended by the executive committee,
25 approved by the commission, and appointed by the Governor. The executive
26 director shall have authority to hire staff, contract for services, expend funds, and
27 operate the normal business activities of the commission.

(12) The Kentucky Commission on Military Affairs and its executive committee shall be an independent agency attached to the Office of the Governor.

Section 64. KRS 154.12-205 is amended to read as follows:

(1) There is hereby created an independent, de jure corporation of the Commonwealth with all the general corporate powers incidental thereto which shall be known as the "Bluegrass State Skills Corporation." The corporation shall be a political subdivision of the state and shall be attached to the Cabinet for Economic Development.

(2) The corporation is created and established to improve and promote the employment opportunities of the citizens of the Commonwealth by creating and expanding programs of skills training and education which meet the needs of business and industry.

(3) The corporation shall be governed by a board of directors consisting of eighteen (18) members, including the following six (6) ex officio members: the commissioner of the Department of Workforce Investment or his or her designee~~[Employment Services]~~, the secretary of the Cabinet for Economic Development, the commissioner of the Department of Labor, the president of the Council on Postsecondary Education, the secretary of the Education Cabinet~~, [for Workforce Development]~~ and the president of the Kentucky Community and Technical College System. The twelve (12) other members shall be appointed by the Governor, including persons having knowledge and experience in business and industry, skills training, education, and minority employment; and at least one (1) of the twelve (12) members shall be appointed to represent labor organizations. Each member appointed by the Governor shall serve for a term of four (4) years, except that in making the initial appointments, the Governor shall appoint three (3) members to serve for one (1) year, three (3) members to serve for two (2) years, three (3) members to serve for three (3) years, and three (3) members to serve for

- 1 four (4) years. All succeeding appointments shall be for a term of four (4) years.
- 2 (4) In the event of a vacancy, the Governor may appoint a replacement member who
3 shall hold office during the remainder of the term so vacated.
- 4 (5) Any member may be removed from his appointment by the Governor for cause.
- 5 (6) The Governor shall designate a member of the board as its chairman.
- 6 (7) Members of the board of directors of the corporation, except for ex officio
7 members, shall be entitled to compensation for their services in the amount of one
8 hundred dollars (\$100) for each regular or special called meeting of the corporation,
9 and all members shall be entitled to reimbursement for any actual and necessary
10 expenses incurred in the performance of their duties.
- 11 (8) The board of directors of the corporation shall annually elect a vice chairman, a
12 secretary, and a treasurer. The secretary shall keep a record of the proceedings of the
13 corporation and shall be custodian of all books, documents, and papers filed with
14 the corporation, and its official seal.
- 15 (9) The secretary of the Cabinet for Economic Development shall hire an executive
16 director and establish his salary. The executive director shall be the chief
17 administrative and operational officer of the corporation and shall direct and
18 supervise its administrative affairs and general management subject to the policies,
19 control, and direction of the board.
- 20 (10) All officers and employees of the corporation having access to its funding shall give
21 bond to the corporation, at its expense, in the amount and with the surety as the
22 board may prescribe.
- 23 Section 65. KRS 154.12-207 is amended to read as follows:
- 24 (1) The corporation may, subject to appropriation from the General Assembly or from
25 funds made available to the corporation from any other public or private source,
26 provide grants-in-aid to educational institutions, and business and industry, not in
27 excess of two hundred thousand dollars (\$200,000) per grant-in-aid. Such grants-in-

1 aid shall be used exclusively for programs which are consistent with the provisions
2 of this chapter.

3 (2) To qualify for a grant-in-aid in which an educational institution will provide
4 training, an educational institution and a business or industry shall submit a joint
5 application to the corporation that contains a proposal for a program of skills
6 training and education; a description of the program; the type of skills training or
7 education to be provided; a statement of the total cost of the program and
8 breakdown of the costs associated with equipment, personnel, facilities, and
9 materials; and with respect to educational institutions only, a statement of the
10 technical assistance and financial support for the program received or pledged from
11 business and industry. To qualify for a grant-in-aid in which a provider other than
12 an educational institution will provide training, the business or industry may
13 independently submit a proposal to the corporation containing the same information
14 as set forth in this subsection.

15 (3) Approval of the grant-in-aid application by the board shall be based upon the
16 following criteria:

- 17 (a) The program must be within the scope of KRS 154.12-204 to 154.12-208;
18 (b) Participants in the program must be limited to a Kentucky resident, as the term
19 is defined in KRS 141.010;
20 (c) The program must involve an area of skills training and education which is
21 needed by business and industry and for which a shortage of qualified
22 individuals exists within the Commonwealth;
23 (d) The grant-in-aid must be essential to the success of the program as the
24 resources of the educational institution are inadequate to attract the technical
25 assistance and financial support necessary from business and industry;
26 (e) The educational institution must have obtained a firm commitment from
27 business and industry for the information, technical assistance, and financial

1 support which, together with the grant-in-aid, the resources of the applicant,
 2 and support from any other source, is sufficient to ensure the success of the
 3 program. In addition, the commitment of financial support from business and
 4 industry shall be equal to or greater than the amount of the requested grant-in-
 5 aid;

6 (f) The educational institution must have established adequate auditing
 7 procedures and reporting methods for the submission of information and data
 8 as required by the corporation; and

9 (g) Ninety percent (90%) of the participants receive a base hourly wage which is
 10 one hundred fifty percent (150%) of the federal minimum wage plus employee
 11 benefits equal to at least fifteen percent (15%) of the applicable base hourly
 12 wage, if the business and industry is located in a county of Kentucky which
 13 has had an average countywide rate of unemployment of fifteen percent (15%)
 14 or greater in the most recent twelve (12) consecutive months for which
 15 unemployment figures are available, on the basis of the final unemployment
 16 figures calculated by the Office of~~Department for~~ Employment and
 17 Training~~[Services]~~ within the Department of Workforce Investment within
 18 the Education Cabinet~~[for Workforce Development]~~.

19 Section 66. KRS 154.12-2084 is amended to read as follows:

20 As used in KRS 154.12-2084 to 154.12-2089, unless the context requires otherwise:

21 (1) "Approved company" means any qualified company seeking to sponsor an
 22 occupational upgrade training program or skills upgrade training program for the
 23 benefit of one (1) or more of its employees, which is approved by the authority to
 24 receive skills training investment credits in accordance with KRS 154.12-2084 to
 25 154.12-2089;

26 (2) "Approved costs" means:

27 (a) Fees or salaries required to be paid to instructors who are employees of the

- 1 approved company, instructors who are full-time, part-time, or adjunct
2 instructors with an educational institution, and instructors who are consultants
3 on contract with an approved company in connection with an occupational
4 upgrade training program or skills upgrade training program sponsored by an
5 approved company;
- 6 (b) Administrative fees charged by educational institutions in connection with an
7 occupational upgrade training program or skills upgrade training program
8 sponsored by an approved company and specifically approved by the
9 Bluegrass State Skills Corporation;
- 10 (c) The cost of supplies, materials, and equipment used exclusively in an
11 occupational upgrade training program or skills upgrade training program
12 sponsored by an approved company;
- 13 (d) The cost of leasing a training facility where space is unavailable at an
14 educational institution or at the premises of an approved company in
15 connection with an occupational upgrade training program or skills upgrade
16 training program sponsored by an approved company;
- 17 (e) Employee wages to be paid in connection with an occupational upgrade
18 training program or skills upgrade training program sponsored by an approved
19 company; and
- 20 (f) All other costs of a nature comparable to those described in this subsection;
- 21 (3) "Bluegrass State Skills Corporation" means the Bluegrass State Skills Corporation
22 created by KRS 154.12-205;
- 23 (4) "Commonwealth" means the Commonwealth of Kentucky;
- 24 (5) "Educational institution" means a public or nonpublic secondary or postsecondary
25 institution or an independent provider within the Commonwealth authorized by law
26 to provide a program of skills training or education beyond the secondary school
27 level or to adult persons without a high school diploma or its equivalent;

- 1 (6) "Employee" means any person:
- 2 (a) Who is currently a permanent full-time employee of the qualified company;
- 3 (b) Who has been employed by the qualified company for the last twelve (12)
- 4 calendar months immediately preceding the filing of the application for skills
- 5 training investment credits by the qualified company;
- 6 (c) Who is a Kentucky resident, as that term is defined in KRS 141.010; and
- 7 (d) Who receives a base hourly wage which is one hundred fifty percent (150%)
- 8 of the federal minimum wage plus employee benefits equal to at least fifteen
- 9 percent (15%) of the applicable base hourly wage, if the qualified company is
- 10 located in a county of Kentucky which has had an average countywide rate of
- 11 unemployment of fifteen percent (15%) or greater in the most recent twelve
- 12 (12) consecutive months for which unemployment figures are available, on the
- 13 basis of the final unemployment figures calculated by the Office
- 14 of~~Department—for~~ Employment and Training~~[Services]~~ within the
- 15 Department of Workforce Investment in the Education Cabinet~~—for~~
- 16 Workforce Development.

17 For purposes of this subsection, a "full-time employee" means an employee who has

18 been employed by the qualified company for a minimum of thirty-five (35) hours

19 per week for more than two hundred fifty (250) work days during the most recently

20 ended calendar year and is subject to the tax imposed by KRS 141.020;

- 21 (7) "Occupational upgrade training" means employee training sponsored by a qualified
- 22 company that is designed to qualify the employee for a promotional opportunity
- 23 with the qualified company;

- 24 (8) "Preliminarily approved company" means a qualified company seeking to sponsor
- 25 an occupational upgrade training program or skills upgrade training program, which
- 26 has received preliminarily approval from the authority under KRS 154.12-2088 to
- 27 receive a certain maximum amount of skills training investment credits;

- 1 (9) "Qualified company" means any person, corporation, limited liability company,
 2 partnership, limited partnership, registered limited liability partnership, sole
 3 proprietorship, firm, enterprise, franchise, association, organization, holding
 4 company, joint stock company, professional service corporation, or any other legal
 5 entity through which business is conducted that has been actively engaged in any of
 6 the following qualified activities within the Commonwealth for not less than three
 7 (3) consecutive years: manufacturing, including the processing, assembling,
 8 production, or warehousing of any property; processing of agricultural and forestry
 9 products; telecommunications; health care; product research and engineering; tool
 10 and die and machine technology; mining; tourism and operation of facilities to be
 11 used in the entertainment, recreation, and convention industry; and transportation in
 12 support of manufacturing. Notwithstanding the provisions of this subsection, any
 13 company whose primary purpose is the sale of goods at retail shall not constitute a
 14 qualified company;
- 15 (10) "Skills upgrade training" means employee training sponsored by a qualified
 16 company that is designed to provide the employee with new skills necessary to
 17 enhance productivity, improve performance, or retain employment, including but
 18 not limited to technical and interpersonal skills training, and training that is
 19 designed to enhance the computer skills, communication skills, problem solving,
 20 reading, writing, or math skills of employees who are unable to function effectively
 21 on the job due to deficiencies in these areas, are unable to advance on the job, or
 22 who risk displacement because their skill deficiencies inhibit their training potential
 23 for new technology; and
- 24 (11) "Skills training investment credit" means the credit against Kentucky income tax
 25 imposed by KRS 141.020 or 141.040, as provided in KRS 154.12-2086(1).
- 26 Section 67. KRS 154.20-150 is amended to read as follows:
- 27 (1) On or before October 1, 1992, and on or before the first day of every third month

thereafter, the authority shall provide a written project status report to the Legislative Research Commission, and the authority shall be compelled to send a representative to testify on the project status report and the authority shall provide additional information on any projects upon request by the Legislative Research Commission. The written project status report shall include, but is not limited to:

- (a) The current status of each project under consideration by the authority, the proposed cost of a project, for each project under consideration, including any proposed financial obligations of the authority, the number of jobs to be created or retained by each project under consideration, and a description of the applicants with respect to each project under consideration; and
- (b) The current status of each project, along with an updated cost for each project in progress, including any financial obligations of the authority and a description of the principals with respect to each project in progress.

(2) On or before the first day of each fiscal year, the authority shall submit an overview report to the Legislative Research Commission, on the success or failure of each completed project, in order to determine the effectiveness of the Kentucky Economic Development Finance Authority.

(3) In addition to the project status report, all construction, reconstruction, or alteration, financed or facilitated in whole or in part by the authority shall be reported to the Office of Kentucky Department for Employment and Training within the Department of Workforce Investment in the Education~~[Services,]~~ Cabinet~~[for Workforce Development,]~~ and to the Kentucky Legislative Research Commission not later than fifteen (15) days following the end of the month in which the agreement or contract facilitating or permitting such activity was executed. This construction activity report shall be subject to public information requests as provided by KRS 61.878. Reports shall list subject construction activity by location of project site, and shall specify the type of construction, project owner, estimated

1 cost of project, and estimated starting and completion dates if known.

2 Section 68. KRS 154.20-170 is amended to read as follows:

3 (1) Industrial entities, agricultural business entities, business enterprises, or private
4 sector firms which are members of a business network within the meaning of KRS
5 154.01-010 in a targeted industrial sector as set forth in the state strategic plan for
6 economic development as prescribed in KRS 154.10-120, and businesses that
7 compose the secondary wood products industry as defined in KRS 154.47-005(10),
8 shall be given priority consideration under state economic development loan, grant,
9 and incentive programs administered by the Kentucky Economic Development
10 Finance Authority.

11 (2) Notwithstanding the provisions of subsection (1) of this section, highest priority
12 consideration under state economic development loan, grant, and incentive
13 programs administered by the authority shall be given to those projects that are
14 located in counties of Kentucky which have had an average countywide rate of
15 unemployment of fifteen percent (15%) or greater in the most recent twelve (12)
16 consecutive months for which unemployment figures are available, on the basis of
17 the final unemployment figures calculated by the Office of~~Department for~~
18 Employment and Training~~Services~~ within the Department of Workforce
19 Investment in the Education Cabinet~~for Workforce Development~~.

20 Section 69. KRS 154.22-010 is amended to read as follows:

21 The following words and terms as used in KRS 154.22-010 to 154.22-080, unless the
22 context clearly indicates a different meaning, shall have the following meanings:

- 23 (1) "Activation date" means a date selected by an approved company in the tax
24 incentive agreement at any time within a two (2) year period after the date of final
25 approval of the tax incentive agreement by the authority;
- 26 (2) "Affiliate" means the following:
- 27 (a) Members of a family, including only brothers and sisters of the whole or half

- 1 blood, spouse, ancestors, and lineal descendants of an individual;
- 2 (b) An individual, and a corporation more than fifty percent (50%) in value of the
- 3 outstanding stock of which is owned, directly or indirectly, by or for that
- 4 individual;
- 5 (c) An individual, and a limited liability company of which more than fifty
- 6 percent (50%) of the capital interest or profits are owned or controlled,
- 7 directly or indirectly, by or for that individual;
- 8 (d) Two (2) corporations which are members of the same controlled group, which
- 9 includes and is limited to:
 - 10 1. One (1) or more chains of corporations connected through stock
 - 11 ownership with a common parent corporation if:
 - 12 a. Stock possessing more than fifty percent (50%) of the total
 - 13 combined voting power of all classes of stock entitled to vote or
 - 14 more than fifty percent (50%) of the total value of shares of all
 - 15 classes of stock of each of the corporations, except the common
 - 16 parent corporation, is owned by one (1) or more of the other
 - 17 corporations; and
 - 18 b. The common parent corporation owns stock possessing more than
 - 19 fifty percent (50%) of the total combined voting power of all
 - 20 classes of stock entitled to vote or more than fifty percent (50%) of
 - 21 the total value of shares of all classes of stock of at least one (1) of
 - 22 the other corporations, excluding, in computing the voting power
 - 23 or value, stock owned directly by the other corporations; or
 - 24 2. Two (2) or more corporations if five (5) or fewer persons who are
 - 25 individuals, estates, or trusts own stock possessing more than fifty
 - 26 percent (50%) of the total combined voting power of all classes of stock
 - 27 entitled to vote or more than fifty percent (50%) of the total value of

- 1 shares of all classes of stock of each corporation, taking into account the
 2 stock ownership of each person only to the extent the stock ownership is
 3 identical with respect to each corporation;
- 4 (e) A grantor and a fiduciary of any trust;
- 5 (f) A fiduciary of a trust and a fiduciary of another trust, if the same person is a
 6 grantor of both trusts;
- 7 (g) A fiduciary of a trust and a beneficiary of that trust;
- 8 (h) A fiduciary of a trust and a beneficiary of another trust, if the same person is a
 9 grantor of both trusts;
- 10 (i) A fiduciary of a trust and a corporation more than fifty percent (50%) in value
 11 of the outstanding stock of which is owned, directly or indirectly, by or for the
 12 trust or by or for a person who is a grantor of the trust;
- 13 (j) A fiduciary of a trust and a limited liability company more than fifty percent
 14 (50%) of the capital interest, or the interest in profits, of which is owned
 15 directly or indirectly, by or for the trust or by or for a person who is a grantor
 16 of the trust;
- 17 (k) A corporation and a partnership, including a registered limited liability
 18 partnership, if the same persons own:
- 19 1. More than fifty percent (50%) in value of the outstanding stock of the
 20 corporation; and
- 21 2. More than fifty percent (50%) of the capital interest, or the profits
 22 interest, in the partnership, including a registered limited liability
 23 partnership;
- 24 (l) A corporation and a limited liability company if the same persons own:
- 25 1. More than fifty percent (50%) in value of the outstanding stock of the
 26 corporation; and
- 27 2. More than fifty percent (50%) of the capital interest or the profits in the

- 1 limited liability company;
- 2 (m) A partnership, including a registered limited liability partnership, and a
- 3 limited liability company if the same persons own:
- 4 1. More than fifty percent (50%) of the capital interest or profits in the
- 5 partnership, including a registered limited liability partnership; and
- 6 2. More than fifty percent (50%) of the capital interest or the profits in the
- 7 limited liability company;
- 8 (n) An S corporation and another S corporation if the same persons own more
- 9 than fifty percent (50%) in value of the outstanding stock of each corporation,
- 10 S corporation designation being the same as that designation under the
- 11 Internal Revenue Code of 1986, as amended; or
- 12 (o) An S corporation and a C corporation, if the same persons own more than fifty
- 13 percent (50%) in value of the outstanding stock of each corporation; S and C
- 14 corporation designations being the same as those designations under the
- 15 Internal Revenue Code of 1986, as amended;
- 16 (3) "Agribusiness" means any activity involving the processing of raw agricultural
- 17 products, including timber, or the providing of value-added functions with regard to
- 18 raw agricultural products;
- 19 (4) "Approved company" means any eligible company seeking to locate an economic
- 20 development project in a qualified county, which eligible company is approved by
- 21 the authority pursuant to KRS 154.22-010 to 154.22-080;
- 22 (5) "Approved costs" means:
- 23 (a) Obligations incurred for labor and to contractors, subcontractors, builders, and
- 24 materialmen in connection with the acquisition, construction, installation,
- 25 equipping, and rehabilitation of an economic development project;
- 26 (b) The cost of acquiring land or rights in land and any cost incidental thereto,
- 27 including recording fees;

- 1 (c) The cost of contract bonds and of insurance of all kinds that may be required
 2 or necessary during the course of acquisition, construction, installation,
 3 equipping, and rehabilitation of an economic development project which is
 4 not paid by the contractor or contractors or otherwise provided for;
- 5 (d) All costs of architectural and engineering services, including test borings,
 6 surveys, estimates, plans and specifications, preliminary investigations, and
 7 supervision of construction, as well as for the performance of all the duties
 8 required by or consequent upon the acquisition, construction, installation,
 9 equipping, and rehabilitation of an economic development project;
- 10 (e) All costs which shall be required to be paid under the terms of any contract or
 11 contracts for the acquisition, construction, installation, equipping, and
 12 rehabilitation of an economic development project; and
- 13 (f) All other costs of a nature comparable to those described above;
- 14 (6) "Assessment" means the job development assessment fee authorized by KRS
 15 154.22-010 to 154.22-080;
- 16 (7) "Authority" means the Kentucky Economic Development Finance Authority as
 17 created in KRS 154.20-010;
- 18 (8) "Average hourly wage" means the wage and employment data published by the
 19 Office of Employment and Training within the Department of Workforce
 20 Investment in the Education Cabinet~~[Department for Employment Services in the~~
 21 ~~Kentucky Cabinet for Workforce Development]~~ collectively translated into wages
 22 per hour based on a two thousand eighty (2,080) hour work year for the following
 23 sectors:
- 24 (a) Manufacturing;
- 25 (b) Transportation, communications and public utilities;
- 26 (c) Wholesale and retail trade;
- 27 (d) Finance, insurance, and real estate; and

1 (e) Services;

2 (9) "Commonwealth" means the Commonwealth of Kentucky;

3 (10) (a) "Economic development project" means and includes:

4 1. The acquisition of ownership in any real estate in a qualified county by
5 the authority, the approved manufacturing or agribusiness company, or
6 its affiliate;

7 2. The present ownership of real estate in a qualified county by the
8 approved manufacturing or agribusiness company or its affiliate;

9 3. The acquisition or present ownership of improvements or facilities, as
10 described in paragraph (b) of this subsection, on land which is possessed
11 or is to be possessed by the approved manufacturing or agribusiness
12 company pursuant to a ground lease having a term of sixty (60) years or
13 more; and

14 4. The new construction of an electric generation facility;

15 (b) For purposes of subparagraphs 1. and 2. of paragraph (a) of this subsection,
16 ownership of real estate shall only include fee ownership of real estate and
17 possession of real estate pursuant to a capital lease as determined in
18 accordance with Statement of Financial Accounting Standards No. 13,
19 Accounting for Leases, issued by the Financial Accounting Standards Board,
20 November 1976. With respect to subparagraphs 1., 2., and 3. of paragraph (a)
21 or paragraph (b) of this subsection, the construction, installation, equipping,
22 and rehabilitation of improvements, including fixtures and equipment, and
23 facilities necessary or desirable for improvement of the real estate, including
24 surveys; site tests and inspections; subsurface site work; excavation; removal
25 of structures, roadways, cemeteries, and other surface obstructions; filling,
26 grading, and provision of drainage, storm water retention, installation of
27 utilities such as water, sewer, sewage treatment, gas, electricity,

1 communications, and similar facilities; off-site construction of utility
 2 extensions to the boundaries of the real estate; and the acquisition,
 3 installation, equipping, and rehabilitation of manufacturing facilities on the
 4 real estate, for use and occupancy by the approved company or its affiliates for
 5 manufacturing purposes, electric generation, or for agribusiness purposes.
 6 Pursuant to subparagraph 3. of paragraph (a) of this subsection, an economic
 7 development project shall not include lease payments made pursuant to a
 8 ground lease for purposes of the tax credits provided under the provisions of
 9 KRS 154.22-010 to 154.22-080;

10 (11) "Electric generation" means the generation of electricity for resale by means of
 11 combusting at least fifty percent (50%) of the total fuel used to generate electricity
 12 from coal or from gas derived from coal;

13 (12) "Eligible company" means any corporation, limited liability company, partnership,
 14 registered limited liability partnership, sole proprietorship, business trust, or any
 15 other entity engaged in manufacturing, electric generation, or in agribusiness;

16 (13) "Employee benefits" means nonmandated costs paid by an eligible company for its
 17 full-time employees for health insurance, life insurance, dental insurance, vision
 18 insurance, defined benefits, 401(k) or similar plans;

19 (14) "Final approval" means the action taken by the authority authorizing the eligible
 20 company to receive inducements under this subchapter;

21 (15) "Full-time employee" means a person employed by an approved company for a
 22 minimum of thirty-five (35) hours per week and subject to the state income tax
 23 imposed by KRS 141.020;

24 (16) "Inducements" means the assessment and the income tax credits allowed by KRS
 25 154.22-060;

26 (17) "Manufacturing" means any activity involving the manufacturing, processing,
 27 assembling, or production of any property, including the processing resulting in a

change in the conditions of the property and any activity related to it, together with the storage, warehousing, distribution, and related office facilities; however, "manufacturing" shall not include mining, coal or mineral processing, or extraction of minerals;

(18) "Preliminary approval" means the action taken by the authority conditioning final approval by the authority upon satisfaction by the eligible company of the requirements under this subchapter;

(19) "Qualified county" means any county certified as such by the authority pursuant to KRS 154.22-010 to 154.22-080;

(20) "Revenues" shall not be considered state funds;

(21) "State agency" shall have the meaning assigned to the term in KRS 56.440(8); and

(22) "Tax incentive agreement" means the agreement entered into, pursuant to KRS 154.22-050, between the authority and an approved company with respect to an economic development project.

Section 70. KRS 154.22-040 is amended to read as follows:

(1) Each year the authority shall under its Rural Economic Development Assistance Program, on the basis of the final unemployment figures calculated by the Office of Employment and Training within the Department of Workforce Investment in the Education Cabinet ~~Department for Employment Services within the Cabinet for Workforce Development~~, determine which counties have had a countywide rate of unemployment exceeding the statewide unemployment rate of the Commonwealth in the most recent five (5) consecutive calendar years, or which have had an average countywide rate of unemployment exceeding the statewide unemployment rate of the Commonwealth by two hundred percent (200%) in the most recent calendar year, and shall certify those counties as qualified counties. A county not certified on the basis of final unemployment figures may also be certified as a qualified county if the authority determines the county is one (1) of the sixty (60) most distressed

counties in the Commonwealth based on the following criteria with equal weight given to each criterion:

- (a) The average countywide rate of unemployment in the most recent three (3) consecutive calendar years, on the basis of final unemployment figures calculated by the Office of Employment and Training within the Department of Workforce Investment in the Education Cabinet~~[Department for Employment Services in the Cabinet for Workforce Development]~~;
- (b) In each county the percentage of adults twenty-five (25) years of age and older who have attained at least a high school education or equivalent, on the basis of the most recent data available from the United States Department of Commerce, Bureau of the Census; and
- (c) Road quality, as quantified by the access within a county to roads ranked in descending order from best quality to worst quality as follows: two (2) or more interstate highways, one (1) interstate highway, a state four (4) lane parkway, four (4) lane principal arterial access to an interstate highway, state two (2) lane parkway and none of the preceding road types, as certified by the Kentucky Transportation Cabinet to the authority.

If the authority determines that a county which has previously been certified as a qualified county no longer meets the criteria of this subsection, the authority shall decertify that county. The authority shall not provide inducements for any facilities in that county and an approved company shall not be eligible for the inducements offered by KRS 154.22-010 to 154.22-070 unless the tax incentive agreements required herein are entered into by all parties prior to July 1 of the year following the calendar year in which the authority decertified that county. In addition, the authority shall certify coal-producing counties, not otherwise certified as qualified counties in this subsection, for economic development projects involving the new construction of electric generation facilities. A coal producing county shall mean a

1 county in the Commonwealth of Kentucky that has produced coal upon which the
2 tax imposed under KRS 143.020 was paid at any time. For economic development
3 projects undertaken in a regional industrial park, as defined in KRS 42.4588, or in
4 an industrial park created pursuant to an interlocal agreement in which revenues are
5 shared as provided in KRS 65.245, where the physical boundaries of the industrial
6 park lie within two (2) or more counties of which at least one (1) of the counties is a
7 qualified county under this section, an eligible company undertaking an economic
8 development project within the physical boundaries of the industrial park may be
9 approved for the inducements under KRS 154.22-010 to 154.22-080.

10 (2) The authority shall establish the procedures and standards for the determination and
11 approval of eligible companies and their economic development projects by the
12 promulgation of administrative regulations in accordance with KRS Chapter 13A.
13 The criteria for approval of eligible companies and economic development projects
14 shall include but not be limited to the creditworthiness of eligible companies; the
15 number of new jobs to be provided by an economic development project to
16 residents of the Commonwealth; and the likelihood of the economic success of the
17 economic development project.

18 (3) The economic development project shall involve a minimum investment of one
19 hundred thousand dollars (\$100,000) by the eligible company and shall result in the
20 creation by the eligible company, within two (2) years from the date of the final
21 approval authorizing the economic development project, of a minimum of fifteen
22 (15) new full-time jobs at the site of the economic development project for
23 Kentucky residents to be employed by the eligible company and to be held by
24 persons subject to the personal income tax of the Commonwealth. The authority
25 may extend this two (2) year period upon the written application of an eligible
26 company requesting an extension.

27 (4) (a) Within six (6) months after the activation date, the approved company shall

1 compensate a minimum of ninety percent (90%) of its full-time employees
2 whose jobs were created with base hourly wages equal to either:

- 3 1. Seventy-five percent (75%) of the average hourly wage for the
4 Commonwealth; or
- 5 2. Seventy-five percent (75%) of the average hourly wage for the county in
6 which the project is to be undertaken.

7 (b) If the base hourly wage calculated in subparagraph (a)1. or (a)2. of this
8 subsection is less than one hundred fifty percent (150%) of the federal
9 minimum wage, then the base hourly wage shall be one hundred fifty percent
10 (150%) of the federal minimum wage. In addition to the applicable base
11 hourly wage calculated above, the eligible company shall provide employee
12 benefits equal to at least fifteen percent (15%) of the applicable base hourly
13 wage; however, if the eligible company does not provide employee benefits
14 equal to at least fifteen percent (15%) of the applicable base hourly wage, the
15 eligible company may qualify under this section if it provides the employees
16 hired by the eligible company as a result of the economic development project
17 total hourly compensation equal to or greater than one hundred fifteen percent
18 (115%) of the applicable base hourly wage through increased hourly wages
19 combined with employee benefits.

20 (c) The requirements of this subsection shall not apply to eligible companies
21 which are nonprofit corporations established under KRS 273.163 to 273.387
22 and whose employees are handicapped and sheltered workshop workers
23 employed at less than the established minimum wage as authorized by KRS
24 337.295.

25 For an eligible company, within a regional industrial park which lies within two (2)
26 or more counties, the calculation of the wage and benefit requirement shall be
27 determined by averaging the average county hourly wage for all counties within the

1 regional industrial park.

2 (5) No economic development project which will result in the replacement of
3 agribusiness, manufacturing, or electric generation facilities existing in the state
4 shall be approved by the authority; however, the authority may approve an
5 economic development project that:

6 (a) Rehabilitates an agribusiness, manufacturing, or electric generation facility:

- 7 1. Which has not been in operation for a period of ninety (90) or more
8 consecutive days; or
- 9 2. For which the current occupant of the facility has published a notice of
10 closure so long as the eligible company intending to acquire the facility
11 is not an affiliate of the current occupant; or
- 12 3. The title to which is vested in other than the eligible company or an
13 affiliate of the eligible company and that is sold or transferred pursuant
14 to a foreclosure ordered by a court of competent jurisdiction or an order
15 of a bankruptcy court of competent jurisdiction;

16 (b) Replaces an agribusiness, manufacturing, or electric generation facility
17 existing in the Commonwealth:

- 18 1. The title to which shall have been taken under the exercise of the power
19 of eminent domain, or the title to which shall be the subject of a
20 nonappealable judgment granting the authority to exercise the power of
21 eminent domain, in either event to the extent that normal operations
22 cannot be resumed at the facility within twelve (12) months; or
- 23 2. Which has been damaged or destroyed by fire or other casualty to the
24 extent that normal operations cannot be resumed at the facility within
25 twelve (12) months; or

26 (c) Replaces an existing agribusiness, manufacturing, or electric generation
27 facility located in the same qualified county, and the existing agribusiness,

1 manufacturing, or electric generation facility to be replaced cannot be
 2 expanded due to the unavailability of real estate at or adjacent to the
 3 agribusiness, manufacturing, or electric generation facility to be replaced. Any
 4 economic development project satisfying the requirements of this subsection
 5 shall only be eligible for inducements to the extent of the expansion, and no
 6 inducements shall be available for the equivalent of the agribusiness,
 7 manufacturing, or electric generation facility to be replaced. No economic
 8 development project otherwise satisfying the requirements of this subsection
 9 shall be approved by the authority which results in a lease abandonment or
 10 lease termination by the approved company without the consent of the lessor.

11 (6) With respect to each eligible company making an application to the authority for
 12 inducements, and with respect to the economic development project described in the
 13 application, the authority shall request materials and make inquiries of the applicant
 14 as necessary or appropriate. Upon review of the application and completion of
 15 initial inquiries, the authority may, by resolution, give its preliminary approval by
 16 designating an eligible company as a preliminarily approved company and
 17 authorizing the undertaking of the economic development project. After preliminary
 18 approval, the authority may by final approval designate an eligible company to be
 19 an approved company.

20 Section 71. KRS 154.23-010 is amended to read as follows:

21 As used in KRS 154.23-005 to 154.23-079, unless the context clearly indicates otherwise:

22 (1) "Approved company" means an eligible company that locates an economic
 23 development project in a qualified zone, as provided for in KRS 154.23-030;

24 (2) "Approved costs" means:

25 (a) For an approved company that establishes a new manufacturing facility or
 26 expands an existing manufacturing facility, the following obligations incurred
 27 in its economic development project, including rent under leases subject to

1 subsection (6)(b)4. of this section:

- 2 1. The cost of labor, contractors, subcontractors, builders, and material
3 workers in connection with the acquisition, construction, installation,
4 equipping, and rehabilitation of an economic development project;
- 5 2. The cost of acquiring real estate or rights in land and any cost incidental
6 thereto, including recording fees;
- 7 3. The cost of contract bonds and insurance of all kinds that may be
8 required or necessary during the course of acquisition, construction,
9 installation, equipping, and rehabilitation of an economic development
10 project that is not paid by the contractor or contractors or otherwise
11 provided for;
- 12 4. The cost of architectural and engineering services, including test
13 borings, surveys, estimates, plans and specifications, preliminary
14 investigations, and supervision of construction, as well as for the
15 performance of all duties required by or consequent to the acquisition,
16 construction, installation, equipping, and rehabilitation of an economic
17 development project;
- 18 5. All costs required to be paid under the terms of any contract for the
19 acquisition, construction, installation, equipping, and rehabilitation of an
20 economic development project; and
- 21 6. All other costs of a nature comparable to those described above; or

- 22 (b) For an approved company that establishes a new service or technology
23 business or expands existing service or technology operations, up to a
24 maximum of fifty percent (50%) of the total start-up costs during the term of
25 the service and technology agreement, plus up to a maximum of fifty percent
26 (50%) of the annual rent for each elapsed year of the service and technology
27 agreement;

- 1 (3) "Assessment" means the job development assessment fee authorized by KRS
2 154.23-055;
- 3 (4) "Authority" means the Kentucky Economic Development Finance Authority, as
4 created in KRS 154.20-010;
- 5 (5) "Average hourly wage" means the wage and employment data published by the
6 Office of ~~Department for~~ Employment and Training within the Department of
7 Workforce Investment within ~~Services in~~ the ~~Kentucky~~ Education Cabinet ~~for~~
8 Workforce Development collectively translated into wages per hour based on a two
9 thousand eighty (2,080) hour work year for the following sectors:
- 10 (a) Manufacturing;
- 11 (b) Transportation, communications, and public utilities;
- 12 (c) Wholesale and retail trade;
- 13 (d) Finance, insurance, and real estate; and
- 14 (e) Services;
- 15 (6) "Commonwealth" means the Commonwealth of Kentucky;
- 16 (7) "Economic development project" or "project" means:
- 17 (a) A new or expanded service or technology activity conducted at a new or
18 expanded site by:
- 19 1. An approved company; or
- 20 2. An approved company and its affiliate or affiliates; or
- 21 (b) Any of the following activities of an approved company engaged in
22 manufacturing:
- 23 1. The acquisition of or present ownership in any real estate in a qualified
24 zone for the purposes described in KRS 154.23-005 to 154.23-079,
25 which ownership shall include only fee simple ownership of real estate
26 and possession of real estate according to a capital lease as determined
27 in accordance with Statement of Financial Accounting Standards No. 13,

- 1 Accounting for Leases, issued by the Financial Accounting Standards
2 Board, November 1976;
- 3 2. The acquisition or present ownership of improvements or facilities on
4 land that is possessed or is to be possessed by the approved company in
5 a ground lease having a term of sixty (60) years or more; provided,
6 however, that this project shall not include lease payments made under a
7 ground lease for purposes of calculating the tax credits offered under
8 KRS 154.23-005 to 154.23-079;
- 9 3. The construction, installation, equipping, and rehabilitation of
10 improvements, fixtures, equipment, and facilities necessary or desirable
11 for improvement of the real estate owned, used, or occupied by the
12 approved company for manufacturing purposes. Construction activities
13 include surveys; site tests and inspections; subsurface site work;
14 excavation; removal of structures, roadways, cemeteries, and other
15 surface obstructions; filling, grading, and providing drainage and storm
16 water retention; installation of utilities such as water, sewer, sewage
17 treatment, gas, electric, communications, and similar facilities; off-site
18 construction of utility extensions to the boundaries of the real estate; or
19 similar activities as the authority may determine necessary for
20 construction; and
- 21 4. The leasing of real estate and the buildings and fixtures thereon
22 acquired, constructed, and installed with funds from grants under KRS
23 154.23-060;
- 24 (8) "Eligible company" means any corporation, limited liability company, partnership,
25 registered limited liability partnership, sole proprietorship, business trust, or any
26 other legal entity engaged in manufacturing, or service or technology; however, any
27 company whose primary purpose is retail sales shall not be an eligible company;

- 1 (9) "Employee benefits" means nonmandated costs paid by an eligible company for its
2 full-time employees for health insurance, life insurance, dental insurance, vision
3 insurance, defined benefits, 401(k) or similar plans;
- 4 (10) "Final approval" means action taken by the authority that authorizes the eligible
5 company to receive inducements in connection with a project under KRS 154.23-
6 005 to 154.23-079;
- 7 (11) "Full-time employee" means a person employed by an approved company for a
8 minimum of thirty-five (35) hours per week and subject to the state income tax
9 imposed by KRS 141.020;
- 10 (12) "Inducements" means the assessment and the income tax credits allowed to an
11 approved company under KRS 154.23-050 and 154.23-055;
- 12 (13) "Local government" means a city, county, or urban-county government;
- 13 (14) "Manufacturing" means to make, assemble, process, produce, or perform any other
14 activity that changes the form or conditions of raw materials and other property, and
15 shall include any ancillary activity to the manufacturing process, such as storage,
16 warehousing, distribution, and related office facilities; however, "manufacturing"
17 shall not include mining, the extraction of minerals or coal, or processing of these
18 resources;
- 19 (15) "Person" means an individual, sole proprietorship, partnership, registered limited
20 liability partnership, joint venture, trust, unincorporated organization, association,
21 corporation, limited liability company, institution, entity or government, whether
22 federal, state, county, city, or otherwise, including without limitation any
23 instrumentality, division, political subdivision, district, court, agency, or department
24 thereof;
- 25 (16) "Preliminary approval" means action taken by the authority that conditions final
26 approval of an eligible company and its economic development project upon
27 satisfaction by the eligible company of the applicable requirements under KRS

1 154.23-005 to 154.23-079;

2 (17) "Qualified employee" means an individual subject to Kentucky income tax who has
3 resided in the qualified zone where the project exists for at least twelve (12)
4 consecutive months preceding full-time employment by an approved company;

5 (18) "Qualified statewide employee" means an individual subject to Kentucky income
6 tax who has resided in any census tract or county in the Commonwealth that meets
7 the criteria in KRS 154.23-015, regardless of whether the tract or county is in a
8 qualified zone, for at least twelve (12) consecutive months preceding full-time
9 employment by an approved company;

10 (19) "Qualified zone" means any census tract or county certified as such by the authority
11 in KRS 154.23-015 and 154.23-020;

12 (20) "Rent" means:

13 (a) The actual annual rent or leasing fee paid by an approved company to a bona
14 fide entity negotiated at arms length for the use of a building by the approved
15 company to conduct the approved project for which the inducement has been
16 granted; or

17 (b) The fair rental value on an annual basis in a building owned by the approved
18 company of the space used by the approved company to conduct the approved
19 project for which the inducement has been granted as determined by the
20 authority using criteria that are customary in the real estate industry for the
21 type of building being used. The fair rental value shall include an analysis of
22 the cost of amortizing the cost of land and building over the period of time
23 customary in the real estate industry for the type of building and for the land
24 being utilized; and

25 (c) Rent shall include the customary cost of occupancy, including but not limited
26 to property taxes, heating and air conditioning, electricity, water, sewer, and
27 insurance;

- 1 (21) "Service and technology agreement" means any agreement entered into, under KRS
 2 154.23-040, on behalf of the authority, an approved company engaged in service or
 3 technology, and third-party lessors, if applicable, with respect to an economic
 4 development project;
- 5 (22) (a) "Service or technology" means either:
- 6 1. Any activity involving the performance of work, except work classified
 7 by the divisions, including successor divisions, of agriculture, forestry
 8 and fishing, mining, utilities, construction, manufacturing, wholesale
 9 trade, retail trade, real estate rental and leasing, educational services,
 10 accommodation and food services, and public administration in
 11 accordance with the "North American Industry Classification System,"
 12 as revised by the United States Office of Management and Budget from
 13 time to time, or any successor publication; or
 - 14 2. Regional or headquarters operations of an entity engaged in an activity
 15 listed in subparagraph 1. of this paragraph.
- 16 (b) Notwithstanding paragraph (a) of this subsection, "service or technology"
 17 shall not include any activity involving the performance of work by an
 18 individual who is providing direct service to the public pursuant to a license
 19 issued by the state or an association that licenses in lieu of the state;
- 20 (23) "Start-up costs" means the acquisition cost associated with the project and related to
 21 furnishing and equipping a building for ordinary business functions, including
 22 computers, nonrecurring costs of fixed telecommunication equipment, furnishings,
 23 office equipment, and the relocation of out-of-state equipment, as verified and
 24 approved by the authority in accordance with KRS 154.23-040;
- 25 (24) "Tax incentive agreement" means that agreement entered into, pursuant to KRS
 26 154.23-035, between the authority and an approved company with respect to an
 27 economic development project; and

1 (25) "Affiliate" means the following:

- 2 (a) Members of a family, including only brothers and sisters of the whole or half
3 blood, spouse, ancestors, and lineal descendants of an individual;
- 4 (b) An individual, and a corporation more than fifty percent (50%) in value of the
5 outstanding stock of which is owned, directly or indirectly, by or for that
6 individual;
- 7 (c) An individual, and a limited liability company of which more than fifty
8 percent (50%) of the capital interest or profits are owned or controlled,
9 directly or indirectly, by or for that individual;
- 10 (d) Two (2) corporations which are members of the same controlled group, which
11 includes and is limited to:
- 12 1. One (1) or more chains of corporations connected through stock
13 ownership with a common parent corporation if:
- 14 a. Stock possessing more than fifty percent (50%) of the total
15 combined voting power of all classes of stock entitled to vote or
16 more than fifty percent (50%) of the total value of shares of all
17 classes of stock of each of the corporations, except the common
18 parent corporation, is owned by one (1) or more of the other
19 corporations; and
- 20 b. The common parent corporation owns stock possessing more than
21 fifty percent (50%) of the total combined voting power of all
22 classes of stock entitled to vote or more than fifty percent (50%) of
23 the total value of shares of all classes of stock of at least one (1) of
24 the other corporations, excluding, in computing the voting power
25 or value, stock owned directly by the other corporations; or
- 26 2. Two (2) or more corporations if five (5) or fewer persons who are
27 individuals, estates, or trusts own stock possessing more than fifty

1 percent (50%) of the total combined voting power of all classes of stock
 2 entitled to vote or more than fifty percent (50%) of the total value of
 3 shares of all classes of stock of each corporation, taking into account the
 4 stock ownership of each person only to the extent the stock ownership is
 5 identical with respect to each corporation;

6 (e) A grantor and a fiduciary of any trust;

7 (f) A fiduciary of a trust and a fiduciary of another trust, if the same person is a
 8 grantor of both trusts;

9 (g) A fiduciary of a trust and a beneficiary of that trust;

10 (h) A fiduciary of a trust and a beneficiary of another trust, if the same person is a
 11 grantor of both trusts;

12 (i) A fiduciary of a trust and a corporation more than fifty percent (50%) in value
 13 of the outstanding stock of which is owned, directly or indirectly, by or for the
 14 trust or by or for a person who is a grantor of the trust;

15 (j) A fiduciary of a trust and a limited liability company, of which more than fifty
 16 percent (50%) of the capital interest, or the interest in profits, is owned
 17 directly or indirectly, by or for the trust or by or for a person who is a grantor
 18 of the trust;

19 (k) A corporation and a partnership, including a registered limited liability
 20 partnership, if the same persons own:

21 1. More than fifty percent (50%) in value of the outstanding stock of the
 22 corporation; and

23 2. More than fifty percent (50%) of the capital interest, or the profits
 24 interest, in the partnership, including a registered limited liability
 25 partnership;

26 (l) A corporation and a limited liability company if the same persons own:

27 1. More than fifty percent (50%) in value of the outstanding stock of the

- 1 corporation; and
- 2 2. More than fifty percent (50%) of the capital interest or the profits in the
- 3 limited liability company;
- 4 (m) A partnership, including a registered limited liability partnership, and a
- 5 limited liability company if the same persons own:
- 6 1. More than fifty percent (50%) of the capital interest or profits in the
- 7 partnership, including a registered limited liability partnership; and
- 8 2. More than fifty percent (50%) of the capital interest or the profits in the
- 9 limited liability company;
- 10 (n) An S corporation and another S corporation if the same persons own more
- 11 than fifty percent (50%) in value of the outstanding stock of each corporation,
- 12 S corporation designation being the same as that designation under the
- 13 Internal Revenue Code of 1986, as amended; or
- 14 (o) An S corporation and a C corporation, if the same persons own more than fifty
- 15 percent (50%) in value of the outstanding stock of each corporation; S and C
- 16 corporation designations being the same as those designations under the
- 17 Internal Revenue Code of 1986, as amended.

18 Section 72. KRS 154.23-015 is amended to read as follows:

- 19 (1) Upon written application by a county, urban-county government, or city of the first
- 20 class, the authority shall certify one (1) to five (5) contiguous census tracts or a
- 21 county certified by the authority in accordance with KRS 154.22-040 as a qualified
- 22 zone. In the case of certification based on one (1) to five (5) contiguous census
- 23 tracts, each census tract shall independently meet each of the following criteria, as
- 24 verified by the Office of Employment and Training within the Department of
- 25 Workforce Investment in the Education Cabinet~~[Department for Employment~~
- 26 ~~Services within the Cabinet for Workforce Development]~~:
- 27 (a) A minimum total poverty rate of one hundred fifty percent (150%) of the

- 1 United States poverty rate as determined by the most recent decennial census;
- 2 (b) An unemployment rate that exceeds the statewide unemployment rate as
- 3 determined on the basis of the most recent decennial census; and
- 4 (c) A minimum population density of two hundred percent (200%) of the average
- 5 Kentucky census tract population density as determined by the most recent
- 6 decennial census.
- 7 (2) Census tract information shall be based upon United States census data as set forth
- 8 in the most recent edition of Census of Population and Housing: Population and
- 9 Housing Characteristics for Census Tracts and Block Numbering Areas published
- 10 by the United States Bureau of the Census.
- 11 (3) The authority shall certify no more than one (1) qualified zone within each county
- 12 of the Commonwealth, except in the case of a county certified under KRS 154.22-
- 13 040, the entire county shall constitute the qualified zone.
- 14 (4) A qualified zone shall commence on the date of certification by the authority and
- 15 continue thereafter, except that at the time new decennial census data becomes
- 16 available, the authority shall decertify any census tract that no longer meets the
- 17 criteria of subsection (1) of this section for qualified zone status. The authority shall
- 18 not give preliminary approval to any project in a decertified census tract. An
- 19 approved company whose project is located in a decertified census tract shall not be
- 20 eligible for the inducements offered by KRS 154.23-005 to 154.23-079, unless the
- 21 tax incentive agreement or service and technology agreement is entered into by all
- 22 parties prior to July 1 of the year following the calendar year in which the authority
- 23 decertified that tract.
- 24 (5) If decertification causes a formerly certified contiguous census tract to become
- 25 noncontiguous, the applicant shall have the discretion to eliminate or maintain the
- 26 noncontiguous tract. If the applicant eliminates the noncontiguous tract, it may
- 27 replace the noncontiguous tract with another qualifying census tract, subject to

1 approval of the authority.

2 (6) A county, urban-county government, or city of the first class shall have no authority
3 to request decertification of a census tract, and any addition of a census tract
4 requested by a county, urban-county government, or city of the first class under
5 KRS 154.23-020 shall be contiguous to a census tract that continues to meet the
6 criteria under this section.

7 (7) The authority shall pay its costs of counsel relating to zone certification.

8 Section 73. KRS 154.24-010 is amended to read as follows:

9 The following words and terms, unless the context clearly indicates a different meaning,
10 shall have the following respective meanings in KRS 154.24-010 to 154.24-150:

11 (1) "Affiliate" means the following:

12 (a) Members of a family, including only brothers and sisters of the whole or half
13 blood, spouse, ancestors, and lineal descendants of an individual;

14 (b) An individual, and a corporation more than fifty percent (50%) in value of the
15 outstanding stock of which is owned, directly or indirectly, by or for that
16 individual;

17 (c) An individual, and a limited liability company of which more than fifty
18 percent (50%) of the capital interest or profits are owned or controlled,
19 directly or indirectly, by or for that individual;

20 (d) Two (2) corporations which are members of the same controlled group, which
21 includes and is limited to:

22 1. One (1) or more chains of corporations connected through stock
23 ownership with a common parent corporation if:

24 a. Stock possessing more than fifty percent (50%) of the total
25 combined voting power of all classes of stock entitled to vote or
26 more than fifty percent (50%) of the total value of shares of all
27 classes of stock of each of the corporations, except the common

1 parent corporation, is owned by one (1) or more of the other
2 corporations; and

3 b. The common parent corporation owns stock possessing more than
4 fifty percent (50%) of the total combined voting power of all
5 classes of stock entitled to vote or more than fifty percent (50%) of
6 the total value of shares of all classes of stock of at least one (1) of
7 the other corporations, excluding, in computing the voting power
8 or value, stock owned directly by the other corporations; or

9 2. Two (2) or more corporations if five (5) or fewer persons who are
10 individuals, estates, or trusts own stock possessing more than fifty
11 percent (50%) of the total combined voting power of all classes of stock
12 entitled to vote or more than fifty percent (50%) of the total value of
13 shares of all classes of stock of each corporation, taking into account the
14 stock ownership of each person only to the extent the stock ownership is
15 identical with respect to each corporation;

16 (e) A grantor and a fiduciary of any trust;

17 (f) A fiduciary of a trust and a fiduciary of another trust, if the same person is a
18 grantor of both trusts;

19 (g) A fiduciary of a trust and a beneficiary of that trust;

20 (h) A fiduciary of a trust and a beneficiary of another trust, if the same person is a
21 grantor of both trusts;

22 (i) A fiduciary of a trust and a corporation more than fifty percent (50%) in value
23 of the outstanding stock of which is owned, directly or indirectly, by or for the
24 trust or by or for a person who is a grantor of the trust;

25 (j) A fiduciary of a trust and a limited liability company, of which more than fifty
26 percent (50%) of the capital interest, or the interest in profits, is owned
27 directly or indirectly, by or for the trust or by or for a person who is a grantor

- 1 of the trust;
- 2 (k) A corporation and a partnership, including a registered limited liability
3 partnership, if the same persons own:
 - 4 1. More than fifty percent (50%) in value of the outstanding stock of the
5 corporation; and
 - 6 2. More than fifty percent (50%) of the capital interest, or the profits
7 interest, in the partnership, including a registered limited liability
8 partnership;
- 9 (l) A corporation and a limited liability company if the same persons own:
 - 10 1. More than fifty percent (50%) in value of the outstanding stock of the
11 corporation; and
 - 12 2. More than fifty percent (50%) of the capital interest or the profits in the
13 limited liability company;
- 14 (m) A partnership, including a registered limited liability partnership, and a
15 limited liability company if the same persons own:
 - 16 1. More than fifty percent (50%) of the capital interest or profits in the
17 partnership, including a registered limited liability partnership; and
 - 18 2. More than fifty percent (50%) of the capital interest or the profits in the
19 limited liability company;
- 20 (n) An S corporation and another S corporation if the same persons own more
21 than fifty percent (50%) in value of the outstanding stock of each corporation,
22 S corporation designation being the same as that designation under the
23 Internal Revenue Code of 1986, as amended; or
- 24 (o) An S corporation and a C corporation, if the same persons own more than fifty
25 percent (50%) in value of the outstanding stock of each corporation; S and C
26 corporation designations being the same as those designations under the
27 Internal Revenue Code of 1986, as amended;

- 1 (2) "Agreement" means the service and technology agreement made pursuant to KRS
 2 154.24-120, between the authority and an approved company with respect to an
 3 economic development project;
- 4 (3) "Approved company" means any eligible company seeking to locate an economic
 5 development project from outside the Commonwealth into the Commonwealth, or
 6 undertaking an economic development project in the Commonwealth for which it is
 7 approved pursuant to KRS 154.24-100;
- 8 (4) "Approved costs" means fifty percent (50%) of the total of the start-up costs up to a
 9 maximum of ten thousand dollars (\$10,000) per new full-time job created and to be
 10 held by a Kentucky resident subject to the personal income tax of the
 11 Commonwealth, plus fifty percent (50%) of the annual rent for each elapsed year of
 12 the service and technology agreement;
- 13 (5) "Assessment" means the "service and technology job creation assessment fee"
 14 authorized by KRS 154.24-110;
- 15 (6) "Authority" means the Kentucky Economic Development Finance Authority, as
 16 created in KRS 154.20-010;
- 17 (7) "Average hourly wage" means the wage and employment data published by the
 18 Office of Employment and Training within the Department of Workforce
 19 Investment within the Education Cabinet~~[Department for Employment Services in~~
 20 ~~the Kentucky Cabinet for Workforce Development]~~ collectively translated into
 21 wages per hour based on a two thousand eighty (2,080) hour work year for the
 22 following sectors:
- 23 (a) Manufacturing;
 - 24 (b) Transportation, communications, and public utilities;
 - 25 (c) Wholesale and retail trade;
 - 26 (d) Finance, insurance, and real estate; and
 - 27 (e) Services;

- 1 (8) "Commonwealth" means the Commonwealth of Kentucky;
- 2 (9) "Economic development project" or "project" means a new or expanded service or
3 technology activity conducted at a new or expanded site by:
- 4 (a) An approved company; or
- 5 (b) An approved company and its affiliate or affiliates;
- 6 (10) "Eligible company" means any corporation, limited liability company, partnership,
7 registered limited liability partnership, sole proprietorship, business trust, or any
8 other entity engaged in service or technology and meeting the standards
9 promulgated by the authority in accordance with KRS Chapter 13A;
- 10 (11) "Employee benefits" means nonmandated costs paid by an approved company for
11 its full-time employees for health insurance, life insurance, dental insurance, vision
12 insurance, defined benefits, 401(k) or similar plans;
- 13 (12) "Final approval" means the action taken by the authority authorizing the eligible
14 company to receive inducements under this subchapter;
- 15 (13) "Full-time employee" means a person employed by an approved company for a
16 minimum of thirty-five (35) hours per week and subject to the state tax imposed by
17 KRS 141.020;
- 18 (14) "In lieu of credits" means a local government appropriation to the extent permitted
19 by law, or other form of local government grant or service benefit, directly related
20 to the economic development project and in an amount equal to one percent (1%) of
21 employees' gross wages, exclusive of any noncash benefits provided to an
22 employee, or the provision by a local government of an in-kind contribution directly
23 related to the economic development project and in an amount equal to one half
24 (1/2) of the rent for the duration of the agreement;
- 25 (15) "Inducements" means the income tax credits allowed and the assessment authorized
26 by KRS 154.24-110, which are intended to induce companies engaged in service
27 and technology industries to locate or expand in the Commonwealth;

- 1 (16) "Person" means an individual, sole proprietorship, partnership, registered limited
 2 liability partnership, joint venture, trust, unincorporated organization, association,
 3 corporation, limited liability company, institution, entity or government, whether
 4 federal, state, county, city, or otherwise, including without limitation any
 5 instrumentality, division, political subdivision, district, court, agency, or department
 6 thereof;
- 7 (17) "Preliminary approval" means the action taken by the authority conditioning final
 8 approval by the authority upon satisfaction by the eligible company of the
 9 requirements under this subchapter;
- 10 (18) "Rent" means:
- 11 (a) The actual annual rent or leasing fee paid by an approved company to a bona
 12 fide entity negotiated at arms length for the use of a building by the approved
 13 company to conduct the approved activity for which the inducement has been
 14 granted; or
- 15 (b) The fair rental value on an annual basis in a building owned by the approved
 16 company of the space used by the approved company to conduct the approved
 17 activity for which the inducement has been granted as determined by the
 18 authority using criteria which is customary in the real estate industry for the
 19 type of building being used. The fair rental value shall include an analysis of
 20 the cost of amortizing the cost of land and building over the period of time
 21 customary in the real estate industry for the type of building and for the land
 22 being utilized;
- 23 (c) Rent shall include the customary cost of occupancy, including but not limited
 24 to property taxes, heating and air-conditioning, electricity, water, sewer, and
 25 insurance;
- 26 (19) (a) "Service or technology" means either:
- 27 1. Any activity involving the performance of work, except work classified

1 by the divisions, including successor divisions, of agriculture, forestry
 2 and fishing, mining, utilities, construction, manufacturing, wholesale
 3 trade, retail trade, real estate rental and leasing, educational services,
 4 accommodation and food services, and public administration in
 5 accordance with the "North American Industry Classification System,"
 6 as revised by the United States Office of Management and Budget from
 7 time to time, or any successor publication; or

8 2. Regional or headquarters operations of an entity engaged in an activity
 9 listed in subparagraph 1. of this paragraph.

10 (b) Notwithstanding paragraph (a) of this subsection, "service or technology"
 11 shall not include any activity involving the performance of work by an
 12 individual who is providing direct service to the public pursuant to a license
 13 issued by the state or an association that licenses in lieu of the state; and

14 (20) "Start-up costs" means the acquisition cost associated with the project related to the
 15 furnishing and equipping the building for ordinary business functions, including
 16 computers, furnishings, office equipment, the relocation of out-of-state equipment,
 17 and nonrecurring costs of fixed telecommunication equipment as verified and
 18 approved by the authority in accordance with KRS 154.24-130.

19 Section 74. KRS 154.26-080 is amended to read as follows:

20 (1) The authority shall establish standards for the determination and approval of eligible
 21 companies and their projects by the promulgation of administrative regulations in
 22 accordance with KRS Chapter 13A.

23 (2) The criteria for approval of eligible companies and economic revitalization projects
 24 shall include but not be limited to the need for the project; the new capital
 25 investment in the project that will result in financial stability for the manufacturing
 26 or coal mining and processing facility; and the retention or expansion of the greatest
 27 number of employees at the manufacturing or coal mining and processing facility.

- 1 (3) With respect to each eligible company making an application to the authority for
2 inducements, and with respect to the project described in the application, the
3 authority shall make inquiries and request materials of the applicant, including, but
4 not limited to, written evidence that except for a substantial investment in the
5 project, assisted by the inducements authorized by KRS 154.26-015 to 154.26-100,
6 the eligible company will close its manufacturing or coal mining and processing
7 facility, permanently lay off its employees, and cease operations.
- 8 (4) The eligible company shall, in a manner acceptable to the authority, detail the
9 condition of the facility, including, but not limited to, financial, efficiency, and
10 productivity matters; explain in detail why the company intends to close the facility;
11 and set out alternatives that are available to the company.
- 12 (5) As a part of its application, an eligible company as described in KRS 154.26-
13 010(10)(b) may request an emergency declaration based upon the urgency of the
14 request and its impact on the local or regional economy.
- 15 (6) A request for an emergency declaration shall be reviewed by the secretary of the
16 Cabinet for Economic Development, the secretary of the Education Cabinet ~~for~~
17 ~~Workforce Development~~, and the secretary of the Finance and Administration
18 Cabinet and their findings in connection with the emergency declaration shall be
19 delivered to the authority.
- 20 (7) If the emergency declaration is granted in accordance with subsection (6) of this
21 section, the eligible company shall not be subject to the requirements contained in
22 subsection (8), subsection (9), or subsection (11) of this section.
- 23 (8) In accordance with, and after the adoption of a resolution under subsection (10) of
24 this section, the authority shall engage the services of a competent consulting firm
25 or technical resource to analyze the data made available by the company, and to
26 collect and analyze additional information necessary to determine that, in the
27 independent judgment of the consultant, the company will close the facility absent a

- 1 substantial investment in the project, assisted by the inducements authorized by
2 KRS 154.26-015 to 154.26-100. The company shall pay the cost of this evaluation.
- 3 (9) The company shall cooperate with the consultant and provide all of the data which
4 could reasonably be required by the consultant to make a fair assessment of the
5 company's intentions to close the facility.
- 6 (10) After a review of relevant materials and completion of inquiries, the authority may,
7 by resolution, give its preliminary approval by designating an eligible company as a
8 preliminarily-approved company and authorizing the undertaking of the economic
9 revitalization project.
- 10 (11) The authority shall review the report of the consultant and other information which
11 has been made available to it in order to assist the authority in determining whether
12 the company intends to close the facility for valid reasons. The authority shall
13 determine the potential of the proposed revitalization project to make the facility
14 stable, productive, and competitive in its market.
- 15 (12) After the review of the consultant's report or if an emergency declaration has been
16 issued in accordance with subsection (6) of this section, the authority shall hold a
17 public hearing to solicit public comment from any person, group, or interested party
18 regarding the proposed project.
- 19 (13) After the public hearing, the authority, by resolution, may declare the jobs then
20 existing at the facility to be lost; may give its final approval to the eligible
21 company's application for a project; and may grant to the eligible company the
22 status of an approved company. The decision reached by the authority shall be final
23 and no appeal shall be granted.
- 24 (14) All meetings of the authority shall be held in accordance with KRS 61.805 to
25 61.850. The authority may, pursuant to KRS 61.815, hold closed sessions of its
26 meetings to discuss matters exempt from the open meetings law and pertaining to
27 an eligible company.

1 Section 75. KRS 154.28-010 is amended to read as follows:

2 As used in KRS 154.28-010 to 154.28-100, unless the context clearly indicates otherwise:

3 (1) "Activation date" means a date selected by an approved company in the agreement
4 at any time within the two (2) year period after the date of final approval of the
5 agreement by the authority;

6 (2) "Affiliate" means the following:

7 (a) Members of a family, including only brothers and sisters of the whole or half
8 blood, spouse, ancestors, and lineal descendants of an individual;

9 (b) An individual and a corporation more than fifty percent (50%) in value of the
10 outstanding stock of which is owned, directly or indirectly, by or for that
11 individual;

12 (c) An individual, and a limited liability company of which more than fifty
13 percent (50%) of the capital interest or the profits interest of which is owned,
14 directly or indirectly, by or for that individual;

15 (d) Two (2) corporations which are members of the same controlled group, which
16 includes and is limited to:

17 1. One (1) or more chains of corporations connected through stock
18 ownership with a common parent corporation if:

19 a. Stock possessing more than fifty percent (50%) of the total
20 combined voting power of all classes of stock entitled to vote or
21 more than fifty percent (50%) of the total value of shares of all
22 classes of stock of each of the corporations, except the common
23 parent corporation, is owned by one (1) or more of the other
24 corporations; and

25 b. The common parent corporation owns stock possessing more than
26 fifty percent (50%) of the total combined voting power of all
27 classes of stock entitled to vote or more than fifty percent (50%) of

- 1 the total value of shares of all classes of stock of at least one (1) of
 2 the other corporations, excluding, in computing such voting power
 3 or value, stock owned directly by the other corporations; or
- 4 2. Two (2) or more corporations if five (5) or fewer persons who are
 5 individuals, estates, or trusts own stock possessing more than fifty
 6 percent (50%) of the total combined voting power of all classes of stock
 7 entitled to vote or more than fifty percent (50%) of the total value of
 8 shares of all classes of stock of each corporation, taking into account the
 9 stock ownership of each person only to the extent the stock ownership is
 10 identical with respect to each corporation;
- 11 (e) A grantor and a fiduciary of any trust;
- 12 (f) A fiduciary of a trust and a fiduciary of another trust, if the same person is a
 13 grantor of both trusts;
- 14 (g) A fiduciary of a trust and a beneficiary of that trust;
- 15 (h) A fiduciary of a trust and a beneficiary of another trust, if the same person is a
 16 grantor of both trusts;
- 17 (i) A fiduciary of a trust and a corporation more than fifty percent (50%) in value
 18 of the outstanding stock of which is owned, directly or indirectly, by or for the
 19 trust or by or for a person who is a grantor of the trust;
- 20 (j) A fiduciary of a trust and a limited liability company of which more than fifty
 21 percent (50%) of the capital interest or the profits interest of which is owned,
 22 directly or indirectly, by or for the trust or by or for a person who is a grantor
 23 of the trust;
- 24 (k) A corporation and a partnership, including a registered limited liability
 25 partnership, if the same persons own:
- 26 1. More than fifty percent (50%) in value of the outstanding stock of the
 27 corporation; and

- 1 2. More than fifty percent (50%) of the capital interest, or the profits
- 2 interest, in the partnership, including a registered limited liability
- 3 partnership;
- 4 (l) A corporation and a limited liability company if the same persons own:
 - 5 1. More than fifty percent (50%) in value of the outstanding stock of the
 - 6 corporation; and
 - 7 2. More than fifty percent (50%) of the capital interest or the profits in the
 - 8 limited liability company;
- 9 (m) A partnership, including a registered limited liability partnership, and a
- 10 limited liability company if the same persons own:
 - 11 1. More than fifty percent (50%) of the capital interest or profits in the
 - 12 partnership, including a registered limited liability partnership; and
 - 13 2. More than fifty percent (50%) of the capital interest or profits in the
 - 14 limited liability company;
- 15 (n) An S corporation and another S corporation if the same persons own more
- 16 than fifty percent (50%) in value of the outstanding stock of each corporation,
- 17 S corporation designation being the same as that designation under the
- 18 Internal Revenue Code of 1986, as amended; or
- 19 (o) An S corporation and a C corporation, if the same persons own more than fifty
- 20 percent (50%) in value of the outstanding stock of each corporation: S and C
- 21 corporation designations being the same as those designations under the
- 22 Internal Revenue Code of 1986, as amended;
- 23 (3) "Agreement" means the tax incentive agreement entered into, pursuant to KRS
- 24 154.28-090, between the authority and an approved company with respect to an
- 25 economic development project;
- 26 (4) "Agribusiness" means any activity involving the processing of raw agricultural
- 27 products, including timber, or the providing of value-added functions with regard to

1 raw agricultural products;

2 (5) "Approved company" means any eligible company, approved by the authority
3 pursuant to KRS 154.28-080, requiring an economic development project;

4 (6) "Approved costs" means:

5 (a) Obligations incurred for labor and to vendors, contractors, subcontractors,
6 builders, suppliers, deliverymen, and materialmen in connection with the
7 acquisition, construction, rehabilitation, and installation of an economic
8 development project;

9 (b) The cost of contract bonds and of insurance of all kinds that may be required
10 or necessary during the course of acquisition, construction, rehabilitation, and
11 installation of an economic project which is not paid by the vendor, supplier,
12 deliverymen, contractors, or otherwise else provided;

13 (c) All costs of architectural and engineering services, including estimates, plans
14 and specifications, preliminary investigations, and supervision of construction,
15 rehabilitation, and installation, as well as for the performance of all the duties
16 required by or consequent upon the acquisition, construction, rehabilitation,
17 and installation of an economic development project;

18 (d) All costs which shall be required to be paid under the terms of any contract for
19 the acquisition, construction, rehabilitation, and installation of an economic
20 development project;

21 (e) All costs which shall be required for the installation of utilities such as water,
22 sewer, sewer treatment, gas, electricity, communications, railroads, and
23 similar facilities, and including offsite construction of the facilities paid for by
24 the approved company; and

25 (f) All other costs comparable to those described above;

26 (7) "Assessment" means the job development assessment fee authorized by this section
27 to KRS 154.28-100;

- 1 (8) "Authority" means the Kentucky Economic Development Finance Authority created
2 by KRS 154.20-010;
- 3 (9) "Average hourly wage" means the wage and employment data published by the
4 Office of Employment and Training within the Department of Workforce
5 Investment in the Education Cabinet~~[Department for Employment Services in the~~
6 ~~Kentucky Cabinet for Workforce Development]~~ collectively translated into wages
7 per hour based on a two thousand eighty (2,080) hour work year for the following
8 sectors:
- 9 (a) Manufacturing;
- 10 (b) Transportation, communications, and public utilities;
- 11 (c) Wholesale and retail trade;
- 12 (d) Finance, insurance, and real estate; and
- 13 (e) Services;
- 14 (10) "Commonwealth" means the Commonwealth of Kentucky;
- 15 (11) (a) "Economic development project" or "project" means and includes:
- 16 1. The acquisition of ownership in any real estate by the approved
17 manufacturing or agribusiness company or its affiliate;
- 18 2. The present ownership of real estate by the approved manufacturing or
19 agribusiness company or its affiliate; or
- 20 3. The acquisition or present ownership of improvements or facilities, as
21 described in paragraph (b) of this subsection, on land which is possessed
22 or is to be possessed by the approved company pursuant to a ground
23 lease having a term of sixty (60) years or more.
- 24 (b) For purposes of subparagraphs 1. and 2. of paragraph (a) of this subsection,
25 ownership of real estate shall only include fee ownership of real estate and
26 possession of real estate pursuant to a capital lease as determined in
27 accordance with Statement of Financial Accounting Standards No. 13,

1 Accounting for Leases, issued by the Financial Accounting Standards Board,
 2 November 1976. With respect to subparagraphs 1., 2., and 3. of paragraph (a)
 3 of this subsection, the construction, installation, equipping, and rehabilitating
 4 of improvements, including fixtures and equipment directly involved in the
 5 manufacturing process, and facilities necessary or desirable for improvement
 6 of the real estate shall include: surveys, site tests, and inspections; subsurface
 7 site work and excavation; removal of structures, roadways, cemeteries, and
 8 other site obstructions; filling, grading, provision of drainage, and storm water
 9 retention; installation of utilities such as water, sewer, sewage treatment, gas,
 10 electricity, communications, and similar facilities; offsite construction of
 11 utility extensions to the boundaries of the real estate; and the acquisition,
 12 installation, equipping, and rehabilitation of manufacturing facilities or
 13 agribusiness operations on the real estate for the use of the approved company
 14 or its affiliates for manufacturing or agribusiness operational purposes.
 15 Pursuant to paragraphs (a)3. and (b) of this subsection, an economic
 16 development project shall not include lease payments made pursuant to a
 17 ground lease for purposes of the tax credits provided under the provisions of
 18 KRS 154.28-010 to 154.28-100. An economic development project shall
 19 include the equipping of a facility with equipment but, for purposes of the tax
 20 credits provided under the provisions of KRS 154.28-010 to 154.28-090, only
 21 to the extent of ten thousand dollars (\$10,000) per job created by and
 22 maintained at the economic development project;

23 (12) "Eligible company" means any corporation, limited liability company, partnership,
 24 registered limited liability partnership, sole proprietorship, trust, or any other entity
 25 engaged in manufacturing or agribusiness operations;

26 (13) "Employee benefits" means nonmandated costs paid by an eligible company for its
 27 full-time employees for health insurance, life insurance, dental insurance, vision

1 insurance, defined benefits, 401(k) or similar plans;

2 (14) "Full-time employee" means a person employed by an approved company for a
3 minimum of thirty-five (35) hours per week and subject to the state income tax
4 imposed by KRS 141.020;

5 (15) "Inducement" means the assessment or the Kentucky income tax credit as set forth
6 in KRS 154.28-090;

7 (16) "Manufacturing" means any activity involving the manufacturing, processing,
8 assembling, or production of any property, including the processing resulting in a
9 change in the conditions of the property, and any activity functionally related to it,
10 together with storage, warehousing, distribution, and related office facilities;
11 however, "manufacturing" shall not include mining, coal or mineral processing, or
12 extraction of minerals; and

13 (17) "State agency" shall have the meaning assigned to the term in KRS 56.440(8).

14 Section 76. KRS 154.45-120 is amended to read as follows:

15 The Education Cabinet~~[for Workforce Development]~~ shall verify employment
16 information relating to the hiring requirements of qualified businesses to select and
17 maintain employees from the targeted workforce. The Education Cabinet~~[for Workforce~~
18 ~~Development]~~ shall fully cooperate with the authority in the development of a system to
19 monitor employment information supplied by qualified businesses.

20 Section 77. KRS 154.47-015 is amended to read as follows:

21 (1) The Kentucky Wood Products Competitiveness Corporation is created and
22 established, as a de jure municipal corporation and political subdivision of the
23 Commonwealth of Kentucky which shall be a public body corporate and politic,
24 performing functions and purposes essential to improving and promoting the health
25 and general welfare of the people of the Commonwealth through promoting,
26 enhancing, and developing the Commonwealth's secondary wood products
27 industries by:

- 1 (a) Disseminating information;
- 2 (b) Providing services;
- 3 (c) Developing workforce training measures and standards to support value-added
- 4 functions with regard to design, processing and manufacture, and marketing of
- 5 wood products; and
- 6 (d) Providing financial support for the deployment of new or improved
- 7 technology and world-class manufacturing systems to businesses engaged in
- 8 the production and manufacture of value-added wood products.
- 9 (2) The corporation shall be governed by a board of thirteen (13) members, consisting
- 10 of seven (7) members representing the private sector including four (4)
- 11 representatives of Kentucky's secondary wood products industry; one (1) member
- 12 representing the Kentucky Forest Products Council as created and established by
- 13 KRS 154.47-110; one (1) member representing the Education Cabinet~~for~~
- 14 ~~Workforce Development~~; and four (4) members representing the following
- 15 universities with one (1) member each representing the University of Kentucky, the
- 16 University of Louisville, Eastern Kentucky University, and Morehead State
- 17 University.
- 18 (3) The initial appointments to the board shall be made on or before October 1, 1994, in
- 19 the following manner:
- 20 (a) Seven (7) private sector members shall be made by the Governor from names
- 21 of persons submitted on or before August 30, 1994, in the following manner:
- 22 1. Two (2) from a list of six (6) nominees from the secondary wood
- 23 products industry submitted in writing by the Kentucky Wood
- 24 Manufacturers Network;
- 25 2. Two (2) from a list of six (6) nominees from the secondary wood
- 26 products industry submitted in writing by the Kentucky Forest Industries
- 27 Association;

- 1 3. One (1) from a list of three (3) nominees submitted in writing by the
- 2 Mountain Association for Community Economic Development;
- 3 4. One (1) from a list of three (3) nominees submitted in writing from grass
- 4 roots community economic development organizations that have a
- 5 demonstrated interest in the development of secondary wood products
- 6 industries; and
- 7 5. One (1) from a list of three (3) nominees from private business
- 8 submitted in writing by the Kentucky Economic Development
- 9 Partnership.
- 10 (b) The Kentucky Forest Products Council, the secretary of the Education
- 11 Cabinet~~[for Workforce Development]~~, and the presidents of the University of
- 12 Kentucky, the University of Louisville, Eastern Kentucky University, and
- 13 Morehead State University shall each designate a representative of their
- 14 respective organizations to be appointed by the Governor to the board.
- 15 (c) If any organization or institution as specified in paragraph (a) of this
- 16 subsection does not nominate persons for appointment as prescribed therein,
- 17 the Governor may solicit names from any other source, or he may appoint
- 18 from the list of names submitted by the remaining organizations.
- 19 (d) The initial term of office for the seven (7) private sector members shall be
- 20 staggered so that four (4) members shall serve for a term of three (3) years and
- 21 three (3) members shall serve for a term of four (4) years. Subsequent
- 22 appointments shall be made in the same manner as prescribed for original
- 23 appointments, and shall be for four (4) year terms each.
- 24 (4) Except as prescribed in subsection (3)(d) of this section and for the appointee
- 25 representing the Education Cabinet~~[for Workforce Development]~~, all appointments
- 26 shall have a term of four (4) years. The term for the person appointed from the
- 27 Education Cabinet~~[for Workforce Development]~~ shall be the same as that of the

1 Governor. Any appointment made by the Governor to fill an unexpired term shall
 2 be only for the remaining time of the vacated appointment. Nothing contained in
 3 this section shall be construed as prohibiting the reappointment of a member of the
 4 board to succeeding terms if, the person to be reappointed has been nominated or
 5 designated in the manner as prescribed for original appointments set forth in this
 6 section.

7 Section 78. KRS 154.48-010 is amended to read as follows:

8 As used in KRS 154.48-010 to 154.48-035, unless the context clearly indicates otherwise:

9 (1) "Activation date" means a date selected by an approved company in the tax
 10 incentive agreement at any time within a two (2) year period after the date of final
 11 approval of the tax incentive agreement by the authority;

12 (2) "Affiliate" means the following:

13 (a) Members of a family, including only brothers and sisters of the whole or half
 14 blood, spouse, ancestors, and lineal descendants of an individual;

15 (b) An individual, and a corporation more than fifty percent (50%) in value of the
 16 outstanding stock of which is owned, directly or indirectly, by or for that
 17 individual;

18 (c) An individual, and a limited liability company of which more than fifty
 19 percent (50%) of the capital interest or profits are owned or controlled,
 20 directly or indirectly, by or for that individual;

21 (d) Two (2) corporations which are members of the same controlled group, which
 22 includes and is limited to:

23 1. One (1) or more chains of corporations connected through stock
 24 ownership with a common parent corporation if:

25 a. Stock possessing more than fifty percent (50%) of the total
 26 combined voting power of all classes of stock entitled to vote or
 27 more than fifty percent (50%) of the total value of shares of all

1 classes of stock of each of the corporations, except the common
 2 parent corporation, is owned by one (1) or more of the other
 3 corporations; and

4 b. The common parent corporation owns stock possessing more than
 5 fifty percent (50%) of the total combined voting power of all
 6 classes of stock entitled to vote or more than fifty percent (50%) of
 7 the total value of shares of all classes of stock of at least one (1) of
 8 the other corporations, excluding, in computing the voting power
 9 or value, stock owned directly by the other corporations; or

10 2. Two (2) or more corporations if five (5) or fewer persons who are
 11 individuals, estates, or trusts own stock possessing more than fifty
 12 percent (50%) of the total combined voting power of all classes of stock
 13 entitled to vote or more than fifty percent (50%) of the total value of
 14 shares of all classes of stock of each corporation, taking into account the
 15 stock ownership of each person only to the extent the stock ownership is
 16 identical with respect to each corporation;

17 (e) A grantor and a fiduciary of any trust;

18 (f) A fiduciary of a trust and a fiduciary of another trust, if the same person is a
 19 grantor of both trusts;

20 (g) A fiduciary of a trust and a beneficiary of that trust;

21 (h) A fiduciary of a trust and a beneficiary of another trust, if the same person is a
 22 grantor of both trusts;

23 (i) A fiduciary of a trust and a corporation more than fifty percent (50%) in value
 24 of the outstanding stock of which is owned, directly or indirectly, by or for the
 25 trust or by or for a person who is a grantor of the trust;

26 (j) A fiduciary of a trust and a limited liability company more than fifty percent
 27 (50%) of the capital interest, or the interest in profits, of which is owned

1 directly or indirectly, by or for the trust or by or for a person who is a grantor
2 of the trust;

3 (k) A corporation and a partnership, including a registered limited liability
4 partnership, if the same persons own:

- 5 1. More than fifty percent (50%) in value of the outstanding stock of the
6 corporation; and
- 7 2. More than fifty percent (50%) of the capital interest, or the profits
8 interest, in the partnership, including a registered limited liability
9 partnership;

10 (l) A corporation and a limited liability company if the same persons own:

- 11 1. More than fifty percent (50%) in value of the outstanding stock of the
12 corporation; and
- 13 2. More than fifty percent (50%) of the capital interest or the profits in the
14 limited liability company;

15 (m) A partnership, including a registered limited liability partnership, and a
16 limited liability company if the same persons own:

- 17 1. More than fifty percent (50%) of the capital interest or profits in the
18 partnership, including a registered limited liability partnership; and
- 19 2. More than fifty percent (50%) of the capital interest or the profits in the
20 limited liability company;

21 (n) An S corporation and another S corporation if the same persons own more
22 than fifty percent (50%) in value of the outstanding stock of each corporation,
23 S corporation designation being the same as that designation under the
24 Internal Revenue Code of 1986, as amended; or

25 (o) An S corporation and a C corporation, if the same persons own more than fifty
26 percent (50%) in value of the outstanding stock of each corporation; S and C
27 corporation designations being the same as those designations under the

- 1 Internal Revenue Code of 1986, as amended;
- 2 (3) "Approved company" means any eligible company for which the authority has
3 granted final approval of its application pursuant to KRS 154.48-025;
- 4 (4) "Approved costs" means one hundred percent (100%) of the eligible skills upgrade
5 training costs and up to twenty-five percent (25%) of the eligible equipment costs
6 approved by the authority that an approved company may recover through the
7 inducements authorized by KRS 154.48-010 to 154.48-035;
- 8 (5) "Authority" means the Kentucky Economic Development Finance Authority created
9 by KRS 154.20-010;
- 10 (6) "Average hourly wage" means the wage and employment data published by the
11 Office of Employment and Training~~Services~~ in the Department ~~off for~~ Workforce
12 Investment within the Education Cabinet collectively translated into wages per hour
13 based on a two thousand eighty (2,080) hour work year for the following sectors:
- 14 (a) Manufacturing;
- 15 (b) Transportation, communications, and public utilities;
- 16 (c) Wholesale and retail trade;
- 17 (d) Finance, insurance, and real estate; and
- 18 (e) Services;
- 19 (7) "Commonwealth" means the Commonwealth of Kentucky;
- 20 (8) "Eligible company" means any entity that undertakes an environmental stewardship
21 project;
- 22 (9) "Eligible costs" means eligible equipment costs plus eligible skills upgrade training
23 costs expended after preliminary approval of the environmental stewardship project;
- 24 (10) "Eligible equipment costs" means:
- 25 (a) Obligations incurred for labor and to vendors, contractors, subcontractors,
26 builders, suppliers, deliverymen, and materialmen in connection with the
27 acquisition, construction, equipping, and installation of an environmental

1 stewardship project;

2 (b) The cost of contract bonds and of insurance of all kinds that may be required
3 or necessary during the course of acquisition, construction, equipping, and
4 installation of an environmental stewardship project which is not paid by the
5 vendor, supplier, deliveryman, contractor, or otherwise provided;

6 (c) All costs of architectural and engineering services, including estimates, plans
7 and specifications, preliminary investigations, and supervision of construction,
8 rehabilitation and installation, as well as for the performance of all the duties
9 required by or consequent upon the acquisition, construction, equipping, and
10 installation of an environmental stewardship project;

11 (d) All costs required to be paid under the terms of any contract for the
12 acquisition, construction, equipping, and installation of an environmental
13 stewardship project;

14 (e) All costs paid for by the approved company that are required for the
15 installation of utilities, including but not limited to water, sewer, sewer
16 treatment, gas, electricity, communications, and access to transportation, and
17 including off-site construction of the facilities necessary for implementation of
18 an environmental stewardship project; and

19 (f) All other costs of a nature comparable to those described in this subsection.

20 (11) "Eligible skills upgrade training costs" means:

21 (a) Fees or salaries required to be paid to instructors who are employees of the
22 approved company, instructors who are full-time, part-time, or adjunct
23 instructors with an educational institution, and instructors who are consultants
24 on contract with an approved company in connection with an occupational
25 training program sponsored by an approved company for its full-time
26 employees and specifically relating to an environmental stewardship project;

27 (b) Administrative fees charged by educational institutions in connection with an

1 occupational training program sponsored by an approved company for its full-
 2 time employees and specifically relating to an environmental stewardship
 3 project;

4 (c) The cost of supplies, materials, and equipment used exclusively in an
 5 occupational training program sponsored by an approved company for its full-
 6 time employees and specifically relating to an environmental stewardship
 7 project;

8 (d) The cost of leasing a training facility where space is unavailable at an
 9 educational institution or at the premises of an approved company in
 10 connection with an occupational training program sponsored by an approved
 11 company for its full-time employees and specifically relating to an
 12 environmental stewardship project;

13 (e) Employee wages to be paid in connection with an occupational training
 14 program sponsored by an approved company for its full-time employees and
 15 specifically relating to an environmental stewardship project;

16 (f) Travel expenses paid by the approved company as incurred by its full-time
 17 employees resulting directly from the costs of transportation, lodging and
 18 meals that are directly related to an occupational training program necessary
 19 for the implementation of an environmental stewardship project; and

20 (g) All other costs of a nature comparable to those described in this subsection;

21 (12) "Employee benefits" means nonmandated costs paid by an eligible company for its
 22 full-time employees for health insurance, life insurance, dental insurance, vision
 23 insurance, defined benefits, 401(k) or similar plans;

24 (13) "Environmental stewardship product" means any new manufactured product or
 25 substantially improved existing manufactured product that has a lesser or reduced
 26 adverse effect on human health and the environment or provides for improvement to
 27 human health and the environment when compared with existing products or

1 competing products that serve the same purpose. Such products may include, but
 2 are not limited to, those which contain recycled content, minimize waste, conserve
 3 energy or water, and reduce the amount of toxics disposed or consumed, but shall
 4 not include products that are the result of the production of energy or energy
 5 producing fuels;

6 (14) "Environmental stewardship project" or "project" means:

7 (a) The acquisition, construction, and installation of new equipment and, with
 8 respect thereto:

- 9 1. The construction, rehabilitation, and installation of improvements to
 10 facilities necessary to house the new equipment, including surveys;
- 11 2. Installation of utilities including water, sewer, sewage treatment, gas,
 12 electricity, communications, and similar facilities;
- 13 3. Off-site construction of utility extensions to the boundaries of the real
 14 estate on which the facilities are located;

15 All of which are utilized by an approved company or its affiliate to
 16 manufacture an environmental stewardship product as reviewed and
 17 recommended to the authority by the Environmental and Public Protection
 18 Cabinet; and

19 (b) The provision of an occupational training program to provide the employees
 20 of an approved company or its affiliate with the knowledge and skills
 21 necessary to manufacture the new product;

22 (15) "Final approval" means the action taken by the authority designating an
 23 eligible company that has previously received a preliminary approval as an
 24 approved company and authorizing the execution of an environmental
 25 stewardship agreement between the authority and the approved company:

26 (16) "Full-time employee" means a person employed by an approved company for a
 27 minimum of thirty-five (35) hours per week and subject to the state income tax

1 imposed by KRS 141.020;

2 (17) "Inducement" means the Kentucky tax credit as authorized by KRS 154.48-010 to
3 154.48-035;

4 (18) "Manufacturing" means any activity involving the manufacturing, processing,
5 assembling, or production of any property, including the processing that results in a
6 change in the condition of the property and any related activity or function, together
7 with the storage, warehousing, distribution, and related office facilities;

8 (19) "Preliminary approval" means the action taken by the authority designating an
9 eligible company as a preliminarily approved company, and conditioning final
10 approval by the authority upon satisfaction by the eligible company of the
11 requirements set forth in the preliminary approval.

12 Section 79. KRS 156.740 is amended to read as follows:

13 (1) The Interagency Commission on Educational and Job Training Coordination is
14 hereby created. Its membership shall be composed of the following individuals,
15 serving in an ex officio capacity:

16 (a) The chairman of the Council on Postsecondary Education;

17 (b) The president of the Council on Postsecondary Education;

18 (c) The chairman of the Kentucky Board of Education;

19 (d) The commissioner of the Department of Education;

20 (e) The commissioner of the Department of Workforce Investment~~secretary of~~
21 ~~the Cabinet for Workforce Development~~;

22 (f) The chairman of the Board for the Kentucky Higher Education Assistance
23 Authority; and

24 (g) The president of the Kentucky Community and Technical College System.

25 (2) Members shall serve by virtue of their office. The chairman of the commission shall
26 be chosen annually by a simple majority vote of the members. A quorum for
27 conducting business shall be one-half (1/2) of the members plus one (1). The chair

1 shall rotate annually, so that no person or agency holds the chairmanship in
2 successive years.

3 Section 80. KRS 156.749 is amended to read as follows:

- 4 (1) Administrative expenses of the commission will be borne by the respective
5 participating agencies, as a part of each agency's normal budget for basic operations.
6 In each year, the agency represented by the chairman shall provide any necessary
7 staff support required, including provision of a secretary, whose duties shall include
8 the taking of minutes and distribution thereof. The agency represented by the
9 chairman shall make arrangements for meeting facilities.
- 10 (2) All meetings will be held in Frankfort, Kentucky, upon the call of the chairman or a
11 majority vote of the membership. In the initial year, the commissioner for the
12 Department of Workforce Investment~~secretary of the Cabinet for Workforce~~
13 ~~Development~~ shall serve as chairperson.

14 Section 81. KRS 157.069 is amended to read as follows:

- 15 (1) As used in this section:
- 16 (a) "Secondary area technology center" or "secondary area center" means a school
17 facility dedicated to the primary purpose of offering five (5) or more technical
18 preparation programs that lead to skill development focused on specific
19 occupational areas. An area center may be called a "magnet technology
20 center" or "career center" or may be assigned another working title by the
21 parent agency. An area center may be either state or locally operated; and
- 22 (b) "Vocational department" means a portion of a school facility that has five (5)
23 or more technical preparation programs that lead to skill development focused
24 on specific occupational areas.
- 25 (2) The Kentucky Department of Education shall distribute all general funds designated
26 for locally operated secondary area centers and vocational departments, which have
27 been receiving state supplemental funds prior to June 21, 2001, by a weighted

formula, specified in an administrative regulation promulgated by the Kentucky Board of Education. The formula shall take into account the differences in cost of operating specific programs. The commissioner~~[commissioners]~~ of the Kentucky Department of Education and the executive director of the Office of Career and~~[Department for]~~ Technical Education shall formally agree upon programs to be assigned to categories based on the descriptions found in paragraphs (a) to (c) of this subsection. Programs in Categories III and II shall be eligible for funding.

- (a) Category III--High-cost technical programs: Programs in which students develop highly technical skills in specific occupational areas and that require high-cost equipment, materials, and facilities. This category may include selected industrial technology Level III programs as defined by the Office of Career and~~[Department for]~~ Technical Education and programs in other occupational areas as deemed appropriate by both agencies~~[departments]~~;
- (b) Category II--Technical skill programs: Programs in which students develop technical skills focused in occupational areas and that require technical equipment but high-cost equipment, facilities, or materials are not necessary to operate the programs. This category may include selected industrial technology Level III programs as defined by the Office of Career and~~[Department for]~~ Technical Education and programs in other occupational areas as deemed appropriate by both agencies~~[departments]~~; and
- (c) Category I--Orientation and career exploration programs: Programs that provide orientation and exploration of broad-based industries by giving students knowledge and experience regarding careers within these industries and develop some exploratory or hands-on skills used in the industry.

Notwithstanding paragraphs (a) and (b) of subsection (1) of this section, the Department of Education shall approve the combining of eligible secondary vocational programs into a single vocational department for purposes of funding for

1 a school district that has been receiving state supplemental funds and has distributed
 2 its vocational programs, previously located in area centers, among magnet career
 3 academies.

4 (3) For calculation purposes and after categorizing the programs as described in
 5 subsection (2) of this section, a weight shall be applied as a percentage of the base
 6 guarantee per pupil in average daily attendance as defined by KRS 157.320 under
 7 the Support Education Excellence in Kentucky Program, which shall be applied to
 8 full-time equivalent students in Categories II and III. Category I programs shall
 9 receive no weight. The full-time equivalent students shall be calculated on the basis
 10 of the total program enrollment divided by the length of the class period divided by
 11 six (6).

12 Section 82. KRS 158.814 is amended to read as follows:

13 (1) In order to ensure that high-quality, relevant secondary career and technical
 14 programs are available to students in all school districts that enable them to gain the
 15 academic and technical skills to meet high school graduation requirements and for
 16 successful transition to postsecondary education, work, or the military and to
 17 support present-day and future needs of Kentucky employers, the Kentucky
 18 Department of Education and the Office of Career and~~Department for~~ Technical
 19 Education shall jointly implement a comprehensive plan between July 1, 2001, and
 20 January 1, 2004, to:

- 21 (a) Review and revise as needed the equipment and facilities standards for each
 22 career and technical education program identified and described in the career
 23 and technical supplement to the Kentucky program of studies and published
 24 by the Kentucky Department of Education; and
 25 (b) Establish a needs assessment process tied to specific criteria for assisting all
 26 providers of programs in determining if the current programs offered in their
 27 respective facilities are appropriate for the students in the school districts

1 served as well as for determining if new programs are needed.

2 (2) Representatives from local school districts, the Kentucky Community and Technical
3 College System, business and industry, colleges, universities, and other appropriate
4 agencies shall be consulted in carrying out the requirements of this section.

5 Section 83. KRS 158.816 is amended to read as follows:

6 (1) The Kentucky Department of Education and the Office of Career and~~Department~~
7 ~~for~~ Technical Education, with involvement of representatives from the local school
8 districts and teacher preparation institutions, shall jointly complete an annual
9 statewide analysis and report of academic achievement of technical education
10 students who have completed or are enrolled in a sequence of a technical program
11 of at least three (3) high school credits.

12 (2) The analysis shall include the previous year's results from the Commonwealth
13 Accountability Testing System. The data shall be disaggregated for all high school
14 students by career cluster areas of agriculture, business and marketing, human
15 services, health services, transportation, construction, communication, and
16 manufacturing and by special populations. Where available, disaggregated data
17 from other national assessments shall also be used.

18 (3) (a) The Kentucky Department of Education, with assistance from the Office of
19 Career and~~Department for~~ Technical Education, shall coordinate the
20 development of a statewide technical assistance plan to aid providers of
21 programs in identifying areas for improvement for those schools that do not
22 meet their school performance goal and for those schools where technical
23 students as a group do not score equal to or better than the school average in
24 each of the academic areas. The plan shall address methodologies for further
25 analysis at each school including, but not limited to:

- 26 1. The academic course-taking patterns of the technical students;
- 27 2. The rigor and intensity of the technical programs and expectations for

- 1 student performance in reading, math, science, and writing and other
- 2 academic skills as well as in technical skill development;
- 3 3. The level of communication and collaboration between teachers in
- 4 technical programs and academic programs, planning, and opportunity
- 5 for analyzing student achievement, particularly between faculty in the
- 6 comprehensive high schools with the faculty in state-operated or locally
- 7 operated secondary area centers and vocational departments;
- 8 4. The faculties' understanding of Kentucky's program of studies, academic
- 9 expectations, and core content for assessment;
- 10 5. The knowledge and understanding of academic teachers and technical
- 11 teachers in integrating mutually supportive curricula content;
- 12 6. The level of curricula alignment and articulation in grades eight (8) to
- 13 sixteen (16);
- 14 7. The availability of extra help for students in meeting higher standards;
- 15 8. The availability and adequacy of school career and guidance counseling;
- 16 9. The availability and adequacy of work-based learning;
- 17 10. The availability and adequacy of distance learning and educational
- 18 technology;
- 19 11. The adequacy of involvement of business and industry in curricula,
- 20 work-based learning, and program development; and
- 21 12. The adequacy of teachers' preparation to prepare them for teaching both
- 22 academic and technical skills to all students that are necessary for
- 23 successful transition to postsecondary education, work, or the military.
- 24 (b) The department and the office~~{departments}~~, in cooperation with teacher
- 25 preparation programs, postsecondary education institutions, and other
- 26 appropriate partners, shall ensure that academic core content is imbedded or
- 27 integrated within the performance requirements for students.

1 (c) The department and the office~~[departments]~~, in cooperation with the
 2 Kentucky Community and Technical College System, shall encourage
 3 postsecondary education and business and industry to provide professional
 4 development and training opportunities to engage technical faculty in
 5 continuous improvement activities to enhance their instructional skills.

6 (d) The department and the office~~[departments]~~ shall continue efforts with
 7 business and industry to develop occupation skill standards and assessments.
 8 All efforts shall be made with the involvement of business, industry, and
 9 labor. Skill standards and assessments, where available, shall be used as the
 10 focus of the curricula.

11 (4) The department and the office~~[departments]~~ shall consult with the Education
 12 Professional Standards Board in carrying out the requirements of this section as they
 13 relate to teacher preparation.

14 Section 84. KRS 158.442 is amended to read as follows:

15 (1) The General Assembly hereby authorizes the establishment of the Center for School
 16 Safety. The center's mission shall be to serve as the central point for data analysis;
 17 research; dissemination of information about successful school safety programs,
 18 research results, and new programs; and, in collaboration with the Department of
 19 Education and others, to provide technical assistance for safe schools.

20 (2) To fulfill its mission, the Center for School Safety shall:

21 (a) Establish a clearinghouse for information and materials concerning school
 22 violence prevention;

23 (b) Provide program development and implementation expertise and technical
 24 support to schools, law enforcement agencies, and communities, which may
 25 include coordinating training for administrators, teachers, students, parents,
 26 and other community representatives;

27 (c) Analyze the data collected in compliance with KRS 158.444;

- 1 (d) Research and evaluate school safety programs so schools and communities are
- 2 better able to address their specific needs;
- 3 (e) Administer a school safety grant program for local districts as directed by the
- 4 General Assembly;
- 5 (f) Promote the formation of interagency efforts to address discipline and safety
- 6 issues within communities throughout the state in collaboration with other
- 7 postsecondary education institutions and with local juvenile delinquency
- 8 prevention councils;
- 9 (g) Prepare and disseminate information regarding best practices in creating safe
- 10 and effective schools;
- 11 (h) Advise the Kentucky Board of Education on administrative policies and
- 12 administrative regulations; and
- 13 (i) Provide an annual report by July 1 of each year to the Governor, the Kentucky
- 14 Board of Education, and the Interim Joint Committee on Education regarding
- 15 the status of school safety in Kentucky.
- 16 (3) The Center for School Safety shall be governed by a board of directors appointed by
- 17 the Governor. Members shall consist of:
- 18 (a) The commissioner or a designee of the Department of Education;
- 19 (b) The commissioner or a designee of the Department of Juvenile Justice;
- 20 (c) The commissioner or a designee of the Department for Mental Health and
- 21 Mental Retardation Services;
- 22 (d) The commissioner or a designee of the Department for Community Based
- 23 Services;
- 24 (e) The secretary or a designee of the Education~~[- Arts, and Humanities]~~ Cabinet;
- 25 (f) A juvenile court judge;
- 26 (g) A local school district board of education member;
- 27 (h) A local school administrator;

- 1 (i) A school council parent representative;
- 2 (j) A teacher;
- 3 (k) A classified school employee; and
- 4 (l) A superintendent of schools who is a member of the Kentucky Association of
5 School Administrators.

6 In appointing the board of education member, the school administrator, the school
7 superintendent, the school council parent member, the teacher, and the classified
8 employee, the Governor shall solicit recommendations from the following groups
9 respectively: the Kentucky School Boards Association, the Kentucky Association of
10 School Administrators, the Kentucky Association of School Councils, the Kentucky
11 Education Association, and the Kentucky Education Support Personnel Association.

12 The initial board shall be appointed by July 15, 1998. The board shall hold its first
13 meeting no later than thirty (30) days after the appointment of the members.

14 Section 85. KRS 157.910 is amended to read as follows:

- 15 (1) There is hereby established the Kentucky Environmental Education Council,
16 referred to hereafter as the council, to provide leadership and planning for
17 environmental education for the population of Kentucky through the cooperative
18 efforts of educators, government agencies, businesses, and public interests. The
19 council shall be an independent agency and be attached to the Education~~[- Arts, and~~
20 ~~Humanities]~~ Cabinet for administrative purposes.
- 21 (2) The nine (9) member council shall be appointed to four (4) year terms by the
22 Governor and be composed of a balance of education, government, industry, and
23 environmental interests. Members appointed by the Governor shall have the
24 authority to carry out the provisions of KRS 157.900 to 157.915.
- 25 (3) The council shall hire an executive director, environmental education specialists,
26 and clerical staff to carry out the functions and duties of the council.
- 27 (4) The council members shall receive no compensation, but shall be reimbursed for

1 actual expenses incurred in accordance with state procedures and policies.

2 (5) The council membership shall elect a chairperson to serve a one (1) year term.

3 Section 86. KRS 157.921 is amended to read as follows:

4 (1) The Kentucky Geographic Education Board is established to provide leadership and
5 planning for geography education for the population of Kentucky through the efforts
6 of elementary, secondary, and postsecondary educators, government agencies, and
7 public interests. The board shall be an independent agency and be attached to the
8 Education~~[, Arts, and Humanities]~~ Cabinet for administrative purposes.

9 (2) The twelve (12) member board shall be appointed to two (2) year terms, initially
10 appointed by the Governor, and composed of the following members:

11 (a) Three (3) representatives from postsecondary institutions;

12 (b) One (1) representative from the Council for Social Sciences;

13 (c) Six (6) representatives from elementary and secondary schools;

14 (d) One (1) representative of the Department of Education; and

15 (e) One (1) representative of the Council on Postsecondary Education.

16 (3) The board shall select from its membership a chair and establish bylaws, including
17 bylaws governing board membership and length of terms. Upon expiration of the
18 initial appointments and adoption of bylaws governing membership and length of
19 terms by the board, the board shall be self-perpetuating, and the appointment and
20 length of terms shall be made in accordance with the board's bylaws. Vacancies that
21 occur before the expiration of the initial appointments shall be filled by the
22 Governor for the remaining term of the vacancy.

23 (4) The board members shall receive no compensation but shall be reimbursed for
24 actual expenses incurred in accordance with state procedures and policies.

25 Section 87. KRS 158.360 is amended to read as follows:

26 (1) The **Kentucky Adult Education Program**~~[Department for Adult Education and~~
27 ~~Literacy]~~ shall provide technical assistance to providers to develop family literacy

1 services. The technical assistance shall be evaluated on a regular basis by contracted
 2 evaluators outside the program~~[department]~~.

3 (2) The services~~[programs]~~ shall:

4 (a) Provide parents with instruction in basic academic skills, life skills which
 5 include parenting skills, and employability skills;

6 (b) Provide the children with developmentally appropriate educational activities;

7 (c) Provide planned high-quality educational experiences requiring interaction
 8 between parents and their children;

9 (d) Be of sufficient intensity and duration to help move families to self-
 10 sufficiency and break the cycle of under education and poverty; and

11 (e) Be designed to reduce duplication with other educational providers to ensure high
 12 quality and efficient services.

13 Section 88. KRS 158.443 is amended to read as follows:

14 (1) Each nonstate-government employee member of the board of directors for the
 15 Center for School Safety shall serve a term of two (2) years and may be reappointed,
 16 but a member shall not serve more than two (2) consecutive terms.

17 (2) The members who are nonstate-government employees shall be reimbursed for
 18 travel, meals, and lodging and expenses relating to official duties of the board from
 19 funds appropriated for this purpose.

20 (3) The board of directors shall meet a minimum of four (4) times per year. The board
 21 of directors shall be attached to the Office of the Secretary of the Education~~[Arts,~~
 22 ~~and Humanities]~~ Cabinet for administrative purposes.

23 (4) The board of directors shall annually elect a chair and vice chair from the
 24 membership. The board may form committees as needed.

25 (5) Using a request-for-proposal process, the board of directors shall select a public
 26 university to administer the Center for School Safety for a period of not less than
 27 four (4) years unless funds for the center are not appropriated or the board

1 determines that the university is negligent in carrying out its duties as specified in
2 the request for proposal and contract. The initial request for proposals shall be
3 issued not later than September 15, 1998. The board shall select a university no later
4 than January 1, 1999. The university shall be the fiscal agent for the center and:

5 (a) Receive funds based on the approved budget by the board of directors and the
6 General Assembly's appropriation for the center. The center shall operate
7 within the fiscal policies of the university and in compliance with policies
8 established by the board of directors per the request for proposal and contract;
9 and

10 (b) Employ the staff of the center who shall have the retirement and employee
11 benefits granted other similar university employees.

12 (6) The board of directors shall annually approve:

13 (a) A work plan for the center;

14 (b) A budget for the center;

15 (c) Operating policies as needed; and

16 (d) Recommendations for grants, beginning in the 1999-2000 school year and
17 subsequent years, to local school districts and schools to assist in the
18 development of programs and individualized approaches to work with violent,
19 disruptive, or academically at-risk students, and consistent with provisions of
20 KRS 158.445.

21 (7) The board of directors shall prepare a biennial budget request to support the Center
22 for School Safety and to provide program funds for local school district grants.

23 (8) The board shall develop model interagency agreements between local school
24 districts and other local public agencies, including, among others, health
25 departments, departments of social services, mental health agencies, and courts, in
26 order to provide cooperative services and sharing of costs for services to students
27 who are at risk of school failure, are at risk of participation in juvenile crime, or

1 have been expelled from the school district.

2 Section 89. KRS 158.842 is amended to read as follows:

3 (1) As used in KRS 158.840 to 158.844, unless the context requires otherwise:

4 (a) "Concepts" means mathematical ideas that serve as the basis for
5 understanding mathematics;

6 (b) "Mathematics" means the curriculum of numbers and computations, geometry
7 and measurements, probability and statistics, and algebraic ideas;

8 (c) "Mathematics coach" means a mathematics leader whose primary
9 responsibility is to provide ongoing support for one (1) or more mathematics
10 teachers. The role of the coach is to improve mathematics teaching practices
11 by working with teachers in their classrooms, observing and providing
12 feedback to them, modeling appropriate teaching practices, conducting
13 workshops or institutes, establishing learning communities, and gathering
14 appropriate and useful resources;

15 (d) "Mathematics diagnostic assessment" means an assessment that identifies a
16 student at risk of failure in mathematics or a student with major deficits in
17 numeracy and other mathematical concepts and skills;

18 (e) "Mathematics intervention program" means an intensive instructional program
19 that is based on valid research and is provided by a highly trained teacher to
20 specifically meet individual students needs;

21 (f) "Mathematics leader" means any educator with a specialization in
22 mathematics who:

- 23 1. Serves in a supervisory capacity, such as mathematics department chair,
24 school-based mathematics specialist, or district mathematics supervisor
25 or coordinator; or
- 26 2. Regularly conducts or facilitates teacher professional development, such
27 as higher education faculty or other mathematics teachers;

- 1 (g) "Mathematics mentor" means an experienced mathematics coach who
 2 typically works with beginning or novice teachers only. The responsibilities
 3 and roles of the mentor are the same as those of the coach;
- 4 (h) "Numeracy" means the development of the basic concepts which include
 5 counting, place value, addition and subtraction strategies, multiplication and
 6 division strategies, and the concepts of time, money, and length. To be
 7 numerate is to have and be able to use appropriate mathematical knowledge,
 8 concepts, skills, intuition, and experience in relationship to every day life;
- 9 (i) "Relationships" means connections of mathematical concepts and skills within
 10 mathematics; and
- 11 (j) "Skills" means actions of mathematics.
- 12 (2) The Committee for Mathematics Achievement is hereby created for the purposes of
 13 developing a multifaceted strategic plan to improve student achievement in
 14 mathematics at all levels of schooling, prekindergarten through postsecondary and
 15 adult. At a minimum the plan shall address:
- 16 (a) Challenging curriculum that is aligned prekindergarten through postsecondary,
 17 including consensus among high school teachers and postsecondary education
 18 faculty about expectations, curriculum, and assessment;
- 19 (b) Attitudes and beliefs of teachers about mathematics;
- 20 (c) Teachers' knowledge of mathematics;
- 21 (d) Diagnostic assessment, intervention services, and instructional strategies;
- 22 (e) Shortages of teachers of mathematics, including incentives to attract strong
 23 candidates to mathematics teaching;
- 24 (f) Statewide institutes that prepare cadres of mathematics leaders in local school
 25 districts, which may include highly skilled retired mathematics teachers, to
 26 serve as coaches and mentors in districts and schools;
- 27 (g) Cohesive continuing education options for experienced mathematics

- 1 classroom teachers;
- 2 (h) Closing the student achievement gap among various student subpopulations;
- 3 (i) Curriculum expectations and assessments of students among the various
- 4 school levels, prekindergarten, primary, elementary, middle, and high school;
- 5 (j) Content standards for adult education centers providing mathematics
- 6 curricula;
- 7 (k) Introductory postsecondary education mathematics courses that are
- 8 appropriate to the wide array of academic programs and majors;
- 9 (l) Research to analyze further the issues of transition from high school or GED
- 10 programs to postsecondary education mathematics; and
- 11 (m) The early mathematics testing program under KRS 158.803.

12 Other factors may be included in the strategic plan as deemed appropriate by the
 13 committee to improve mathematics achievement of Kentucky students.

14 (3) In carrying out its responsibility under subsection (2)(f) of this section, the
 15 committee shall:

- 16 (a) Design a statewide professional development program that includes summer
- 17 mathematics institutes at colleges and universities, follow-up, and school-
- 18 based support services, beginning no later than June 1, 2006, to prepare teams
- 19 of teachers as coaches and mentors of mathematics at all school levels to
- 20 improve student achievement. Teachers shall receive training in diagnostic
- 21 assessment and intervention. The statewide initiative shall be funded, based
- 22 on available funds, from the Teachers' Professional Growth Fund described in
- 23 KRS 156.553. The design shall:
 - 24 1. Define the curricula focus;
 - 25 2. Build on the expertise of specific colleges and universities;
 - 26 3. Place emphasis on mathematics concepts, skills and relationships,
 - 27 diagnostic assessment, intervention services, and instructional strategies;

- 1 4. Identify quality control measures for the delivery of each institute;
- 2 5. Establish evaluation procedures for the summer institutes and the other
- 3 professional development components;
- 4 6. Provide updates and networking opportunities for coaches and mentors
- 5 throughout the school year; and
- 6 7. Define other components within the initiative that are necessary to meet
- 7 the goal of increasing student achievement in mathematics.
- 8 (b) Require schools and districts approved to have participants in the mathematics
- 9 leader institutes to provide assurances that:
- 10 1. The district and schools have, or will develop, local mathematics
- 11 curricula and assessments that align with state standards for
- 12 mathematics;
- 13 2. There is a local commitment to build a cadre of mathematics leaders
- 14 within the district;
- 15 3. The district and participating schools will provide in-school support for
- 16 coaching and mentoring activities;
- 17 4. The mathematics teachers are willing to develop classroom assessments
- 18 that align with state assessments; and
- 19 5. Students who need modified instructional and intervention services will
- 20 have opportunity for continuing education services beyond the regular
- 21 school day, week, or year.
- 22 (c) In addition to the conditions specified in paragraph (b) of this subsection, the
- 23 committee shall make recommendations to the Kentucky Department of
- 24 Education and the Kentucky Board of Education for criteria to be included in
- 25 administrative regulations promulgated by the board which define:
- 26 1. Eligible grant recipients, taking into consideration how this program
- 27 relates to other funded mathematics initiatives;

- 1 2. The application process and review;
- 2 3. The responsibilities of schools and districts, including but not limited to
- 3 matching funds requirements, released or extended time for coaches and
- 4 mentors during the school year, continuing education requirements for
- 5 teachers and administrators in participating schools, data to be collected,
- 6 and local evaluation requirements; and
- 7 4. Other recommendations requested by the Kentucky Department of
- 8 Education.
- 9 (4) The committee shall initially be composed of twenty-five (25) members as follows:
- 10 (a) The commissioner of education or his or her designee;
- 11 (b) The president of the Council on Postsecondary Education or his or her
- 12 designee;
- 13 (c) The president of the Association of Independent Kentucky Colleges and
- 14 Universities or his or her designee;
- 15 (d) The executive director of the Education Professional Standards Board or his
- 16 or her designee;
- 17 (e) The secretary of the Education~~[, Arts, and Humanities]~~ Cabinet or his or her
- 18 designee;
- 19 (f) A representative with a specialty in mathematics or mathematics education
- 20 who has expertise and experience in professional development, especially
- 21 with coaching and mentoring of teachers, from each of the nine (9) public
- 22 postsecondary education institutions defined in KRS 164.001. The
- 23 representatives shall be selected by mutual agreement of the president of the
- 24 Council on Postsecondary Education and the commissioner of education;
- 25 (g) Two (2) adult education instructors selected by the vice president for
- 26 Kentucky Adult Education;
- 27 (h) Two (2) elementary, two (2) middle, and two (2) high school mathematics

1 teachers, appointed by the board of the statewide professional education
 2 association having the largest paid membership with approval from their
 3 respective local principals and superintendents of schools; and

- 4 (i) Three (3) school administrators, with one (1) each representing elementary,
 5 middle, and high school, appointed by the board of the statewide
 6 administrators' association having the largest paid membership with approval
 7 from their respective local superintendents of schools.

8 When the Center for Mathematics created under KRS 164.525 becomes operational,
 9 the executive director of the center shall be added to the committee, which shall
 10 then be composed of twenty-six (26) members. Appointments to the committee
 11 shall be made no later than thirty (30) days following March 18, 2005, and the first
 12 meeting of the committee shall occur no later than thirty (30) days following
 13 appointment of the members.

- 14 (5) A majority of the full membership shall constitute a quorum.

- 15 (6) Each member of the committee, other than members who serve by virtue of their
 16 positions, shall serve for a term of three (3) years or until a successor is appointed
 17 and qualified, except that the initial appointments shall be made in the following
 18 manner: six (6) members shall serve a one (1) year term, six (6) members shall
 19 serve a two (2) year term, and eight (8) members shall serve a three (3) year term.

- 20 (7) A temporary chair of the committee shall be appointed prior to the first meeting of
 21 the committee through consensus of the president of the Council on Postsecondary
 22 Education and the commissioner of education, to serve ninety (90) days after his or
 23 her appointment. Prior to the end of the ninety (90) days, the committee shall elect a
 24 chair by majority vote. The temporary chair may be a nominee for the chair by
 25 majority vote. Thereafter, a chair shall be elected each calendar year. An individual
 26 may not serve as chair for more than three (3) consecutive years. The chair shall be
 27 the presiding officer of the committee, and coordinate the functions and activities of

1 the committee.

2 (8) The committee shall be attached to the Kentucky Department of Education for
3 administrative purposes. The commissioner of education may contract with a
4 mathematics-trained professional to provide part-time staff support to the
5 committee. The commissioner of education and the president of the council shall
6 reach consensus in the selection of a person to fill the position. The person selected
7 shall have a graduate degree, a mathematics major, and teaching or administrative
8 experience in elementary and secondary education. The person shall not be a current
9 employee of any entity represented on the committee. The department shall provide
10 office space and other resources necessary to support the staff position and the work
11 of the committee.

12 (9) The committee, under the leadership of the chair, may organize itself into
13 appropriate subcommittees and work structures to accomplish the purposes of the
14 committee.

15 (10) Members of the committee shall serve without compensation but shall be
16 reimbursed for necessary travel and expenses while attending meetings at the same
17 per diem rate promulgated in administrative regulation for state employees under
18 provisions of KRS Chapter 45. Funds shall be provided school districts to cover the
19 cost of substitute teachers for those teachers on the committee at each district's
20 established rate for substitute teachers.

21 (11) If a vacancy occurs within the committee during its duration, the board of the
22 statewide professional education association having the largest paid membership or
23 the board of the statewide administrators association having the largest paid
24 membership or the president of the Council on Postsecondary Education, as
25 appropriate, shall appoint a person to fill the vacancy.

26 (12) The committee shall:

27 (a) Present a draft strategic plan addressing the requirements in subsection (1) of

1 this section and other issues that arose during the work of the committee to the
2 Education Assessment and Accountability Review Subcommittee no later than
3 August 2005;

4 (b) Present the strategic plan for improving mathematics achievement to the
5 Interim Joint Committee on Education by July 15, 2006, which shall include
6 any recommendations that require legislative action; and

7 (c) Provide a final written report of committee activities to the Interim Joint
8 Committee on Education and the Legislative Research Commission by
9 December 1, 2006.

10 (13) The committee shall have ongoing responsibility for providing advice and guidance
11 to policymakers in the development of statewide policies and in the identification
12 and allocation of resources to improve mathematics achievement. In carrying out
13 this responsibility, the committee shall periodically review the strategic plan and
14 make modifications as deemed appropriate and report those to the Interim Joint
15 Committee on Education.

16 (14) The committee shall collaborate with the Center for Mathematics to ensure that
17 there is ongoing identification of research-based intervention programs for K-12
18 students who have fallen behind in mathematics, rigorous mathematics curricula
19 that prepare students for the next level of schooling, research-based professional
20 development models that prepare teachers in mathematics and pedagogy, and
21 strategies for closing the gap between high school or GED and postsecondary
22 mathematics preparation.

23 Section 90. KRS 161.011 is amended to read as follows:

24 (1) (a) "Classified employee" means an employee of a local district who is not
25 required to have certification for his position as provided in KRS 161.020; and

26 (b) "Seniority" means total continuous months of service in the local school
27 district, including all approved paid and unpaid leave.

- 1 (2) The commissioner of education shall establish by January, 1992, job classifications
 2 and minimum qualifications for local district classified employment positions which
 3 shall be effective July 1, 1992. After June 30, 1992, no person shall be eligible to be
 4 a classified employee or receive salary for services rendered in that position unless
 5 he holds the qualifications for the position as established by the commissioner of
 6 education.
- 7 (3) No person who is initially hired after July 13, 1990, shall be eligible to hold the
 8 position of a classified employee or receive salary for services rendered in such
 9 position, unless he holds at least a high school diploma or high school certificate of
 10 completion or GED certificate, or he shows progress toward obtaining a GED. To
 11 show progress toward obtaining a GED, a person shall be enrolled in a GED
 12 program and be progressing satisfactorily through the program, as defined by
 13 administrative regulations promulgated by the Council on Postsecondary
 14 Education~~commissioner of the Department for Adult Education and Literacy~~.
- 15 (4) Local school districts shall encourage classified employees who were initially hired
 16 before July 13, 1990, and who do not have a high school diploma or a GED
 17 certificate to enroll in a program to obtain a GED.
- 18 (5) Local districts shall enter into written contracts with classified employees. Contracts
 19 with classified employees shall be renewed annually except contracts with the
 20 following employees:
- 21 (a) An employee who has not completed four (4) years of continuous active
 22 service, upon written notice which is provided or mailed to the employee by
 23 the superintendent, no later than April 30, that the contract will not be
 24 renewed for the subsequent school year. Upon written request by the
 25 employee, within ten (10) days of the receipt of the notice of nonrenewal, the
 26 superintendent shall provide, in a timely manner, written reasons for the
 27 nonrenewal.

- 1 (b) An employee who has completed four (4) years of continuous active service,
2 upon written notice which is provided or mailed to the employee by the
3 superintendent, no later than April 30, that the contract is not being renewed
4 due to one (1) or more of the reasons described in subsection (7) of this
5 section. Upon written request within ten (10) days of the receipt of the notice
6 of nonrenewal, the employee shall be provided with a specific and complete
7 written statement of the grounds upon which the nonrenewal is based. The
8 employee shall have ten (10) days to respond in writing to the grounds for
9 nonrenewal.
- 10 (6) Local districts shall provide in contracts with classified employees of family
11 resource and youth services centers the same rate of salary adjustment as provided
12 for other local board of education employees in the same classification.
- 13 (7) Nothing in this section shall prevent a superintendent from terminating a classified
14 employee for incompetency, neglect of duty, insubordination, inefficiency,
15 misconduct, immorality, or other reasonable grounds which are specifically
16 contained in board policy.
- 17 (8) The superintendent shall have full authority to make a reduction in force due to
18 reductions in funding, enrollment, or changes in the district or school boundaries, or
19 other compelling reasons as determined by the superintendent.
- 20 (a) When a reduction of force is necessary, the superintendent shall, within each
21 job classification affected, reduce classified employees on the basis of
22 seniority and qualifications with those employees who have less than four (4)
23 years of continuous active service being reduced first.
- 24 (b) If it becomes necessary to reduce employees who have more than four (4)
25 years of continuous active service, the superintendent shall make reductions
26 based upon seniority and qualifications within each job classification affected.
- 27 (c) Employees with more than four (4) years of continuous active service shall

1 have the right of recall positions if positions become available for which they
2 are qualified. Recall shall be done according to seniority with restoration of
3 primary benefits, including all accumulated sick leave and appropriate rank
4 and step on the current salary schedule based on the total number of years of
5 service in the district.

6 (9) Local school boards shall develop and provide to all classified employees written
7 policies which shall include, but not be limited to:

- 8 (a) Terms and conditions of employment;
9 (b) Identification and documentation of fringe benefits, employee rights, and
10 procedures for the reduction or laying off of employees; and
11 (c) Discipline guidelines and procedures that satisfy due process requirements.

12 (10) Local school boards shall maintain a registry of all vacant classified employee
13 positions that is available for public inspection in a location determined by the
14 superintendent and make copies available at cost to interested parties. If financially
15 feasible, local school boards may provide training opportunities for classified
16 employees focusing on topics to include, but not be limited to, suicide prevention,
17 abuse recognition, and cardiopulmonary resuscitation (CPR).

18 (11) The evaluation of the local board policies required for classified personnel as set out
19 in this section shall be subject to review by the Department of Education while it is
20 conducting district management audits pursuant to KRS 158.785.

21 Section 91. KRS 161.220 is amended to read as follows:

22 As used in KRS 161.220 to 161.716 and KRS 161.990:

- 23 (1) "Retirement system" means the arrangement provided for in KRS 161.230 to
24 161.716 and KRS 161.990 for payment of allowances to members;
25 (2) "Retirement allowance" means the amount annually payable during the course of his
26 natural life to a member who has been retired by reason of service;
27 (3) "Disability allowance" means the amount annually payable to a member retired by

1 reason of disability;

2 (4) "Member" means the commissioner of education, deputy commissioners, associate
3 commissioners, and all division directors in the State Department of Education, and
4 any full-time teacher or professional occupying a position requiring certification or
5 graduation from a four (4) year college or university, as a condition of employment,
6 and who is employed by public boards, institutions, or agencies as follows:

7 (a) Local boards of education;

8 (b) Eastern Kentucky University, Kentucky State University, Morehead State
9 University, Murray State University, Western Kentucky University, and any
10 community colleges established under the control of these universities;

11 (c) State-operated secondary area vocational education or area technology centers,
12 Kentucky School for the Blind, and Kentucky School for the Deaf;

13 (d) The State Department of Education, the Education Professional Standards
14 Board, other public education agencies as created by the General Assembly,
15 and those members of the administrative staff of the Teachers' Retirement
16 System of the State of Kentucky whom the board of trustees may designate by
17 administrative regulation;

18 (e) Regional cooperative organizations formed by local boards of education or
19 other public educational institutions listed in this subsection, for the purpose
20 of providing educational services to the participating organizations;

21 (f) All full-time members of the staffs of the Kentucky Association of School
22 Administrators, Kentucky Education Association, Kentucky Vocational
23 Association, Kentucky High School Athletic Association, Kentucky Academic
24 Association, and the Kentucky School Boards Association who were members
25 of the Kentucky Teachers' Retirement System or were qualified for a position
26 covered by the system at the time of employment by the association in the
27 event that the board of directors of the respective association petitions to be

1 included. The board of trustees of the Kentucky Teachers' Retirement System
 2 may designate by resolution whether part-time employees of the petitioning
 3 association are to be included. The state shall make no contributions on
 4 account of these employees, either full-time or part-time. The association shall
 5 make the employer's contributions, including any contribution that is specified
 6 under KRS 161.550. The provisions of this paragraph shall be applicable to
 7 persons in the employ of the associations on or subsequent to July 1, 1972;

8 (g) Employees of the Council on Postsecondary Education who were employees
 9 of the Department for Adult Education and Literacy and who were members
 10 of the Kentucky Teachers' Retirement System at the time the department was
 11 transferred to the council pursuant to Executive Order 2003-600;

12 (h) The Office of Career and~~Department for~~ Technical Education, except that
 13 the executive director~~commissioner~~ shall not be a member;

14 (i) The Office~~Department~~ of Vocational Rehabilitation;

15 (j) The Kentucky Educational Collaborative for State Agency Children;

16 (k) The Governor's Scholars Program;

17 (l) Any person who is retired for service from the retirement system and is
 18 reemployed by an employer identified in this subsection in a position that the
 19 board of trustees deems to be a member;

20 (m) Employees of the former Cabinet for Workforce Development who are
 21 transferred to the Kentucky Community and Technical College System and
 22 who occupy positions covered by the Kentucky Teachers' Retirement System
 23 shall remain in the Teachers' Retirement System. New employees occupying
 24 these positions, as well as newly created positions qualifying for Teachers'
 25 Retirement System coverage that would have previously been included in the
 26 former Cabinet for Workforce Development, shall be members of the
 27 Teachers' Retirement System;

- 1 (n) Effective January 1, 1998, employees of state community colleges who are
 2 transferred to the Kentucky Community and Technical College System shall
 3 continue to participate in federal old age, survivors, disability, and hospital
 4 insurance and a retirement plan other than the Kentucky Teachers' Retirement
 5 System offered by Kentucky Community and Technical College System. New
 6 employees occupying positions in the Kentucky Community and Technical
 7 College System as referenced in KRS 164.5807(5) that would not have
 8 previously been included in the former Cabinet for Workforce Development,
 9 shall participate in federal old age, survivors, disability, and hospital insurance
 10 and have a choice at the time of employment of participating in a retirement
 11 plan provided by the Kentucky Community and Technical College System,
 12 including participation in the Kentucky Teachers' Retirement System, on the
 13 same basis as faculty of the state universities as provided in KRS 161.540 and
 14 161.620; and
- 15 (o) Employees of the Office of General Counsel, the Office of Budget and
 16 Administrative Services, and the Office of Quality and Human Resources
 17 within the Office of the Secretary of the former Cabinet for Workforce
 18 Development and the commissioners of the former Department for Adult
 19 Education and Literacy and the former Department for Technical Education
 20 who were contributing to the Kentucky Teachers' Retirement System as of
 21 July 15, 2000;
- 22 (5) "Present teacher" means any teacher who was a teacher on or before July 1, 1940,
 23 and became a member of the retirement system created by 1938 (1st Extra. Sess.)
 24 Ky. Acts ch. 1, on the date of the inauguration of the system or within one (1) year
 25 after that date, and any teacher who was a member of a local teacher retirement
 26 system in the public elementary or secondary schools of the state on or before July
 27 1, 1940, and continued to be a member of the system until he, with the membership

1 of the local retirement system, became a member of the state Teachers' Retirement
2 System or who becomes a member under the provisions of KRS 161.470(4);

3 (6) "New teacher" means any member not a present teacher;

4 (7) "Prior service" means the number of years during which the member was a teacher
5 in Kentucky prior to July 1, 1941, except that not more than thirty (30) years' prior
6 service shall be allowed or credited to any teacher;

7 (8) "Subsequent service" means the number of years during which the teacher is a
8 member of the Teachers' Retirement System after July 1, 1941;

9 (9) "Final average salary" means the average of the five (5) highest annual salaries
10 which the member has received for service in a covered position and on which the
11 member has made contributions, or on which the public board, institution, or
12 agency has picked-up member contributions pursuant to KRS 161.540(2), or the
13 average of the five (5) years of highest salaries as defined in KRS 61.680(2)(a),
14 which shall include picked-up member contributions. Additionally, the board of
15 trustees may approve a final average salary based upon the average of the three (3)
16 highest salaries for members who are at least fifty-five (55) years of age and have a
17 minimum of twenty-seven (27) years of Kentucky service credit. However, if any of
18 the five (5) or three (3) highest annual salaries used to calculate the final average
19 salary was paid within the three (3) years immediately prior to the date of the
20 member's retirement, the amount of salary to be included for each of those three (3)
21 years for the purpose of calculating the final average salary shall be limited to the
22 lesser of:

23 (a) The member's actual salary; or

24 (b) The member's annual salary that was used for retirement purposes during each
25 of the prior three (3) years, plus a percentage increase equal to the percentage
26 increase received by all other members employed by the public board,
27 institution, or agency, or for members of school districts, the highest

1 percentage increase received by members on any one (1) rank and step of the
2 salary schedule of the school district. The increase shall be computed on the
3 salary that was used for retirement purposes.

4 This limitation shall not apply if the member receives an increase in salary in a
5 percentage exceeding that received by the other members, and this increase was
6 accompanied by a corresponding change in position or in length of employment.

7 This limitation shall also not apply to the payment to a member for accrued annual
8 leave or accrued sick leave which is authorized by statute and which shall be
9 included as part of a retiring member's annual compensation for the member's last
10 year of active service;

11 (10) "Annual compensation" means the total salary received by a member as
12 compensation for all services performed in employment covered by the retirement
13 system during a fiscal year. Annual compensation shall not include payment for any
14 benefit or salary adjustments made by the public board, institution, or agency to the
15 member or on behalf of the member which is not available as a benefit or salary
16 adjustment to other members employed by that public board, institution, or agency.
17 Annual compensation shall not include the salary supplement received by a member
18 under KRS 158.6455 or 158.782 on or after July 1, 1996. Under no circumstances
19 shall annual compensation include compensation that is earned by a member while
20 on assignment to an organization or agency that is not a public board, institution, or
21 agency listed in subsection (4) of this section. In the event that federal law requires
22 that a member continue membership in the retirement system even though the
23 member is on assignment to an organization or agency that is not a public board,
24 institution, or agency listed in subsection (4) of this section, the member's annual
25 compensation for retirement purposes shall be deemed to be the annual
26 compensation, as limited by subsection (9) of this section, last earned by the
27 member while still employed solely by and providing services directly to a public

1 board, institution, or agency listed in subsection (4) of this section. The board of
2 trustees shall determine if any benefit or salary adjustment qualifies as annual
3 compensation;

4 (11) "Age of member" means the age attained on the first day of the month immediately
5 following the birthdate of the member. This definition is limited to retirement
6 eligibility and does not apply to tenure of members;

7 (12) "Employ," and derivatives thereof, means relationships under which an individual
8 provides services to an employer as an employee, as an independent contractor, as
9 an employee of a third party, or under any other arrangement as long as the services
10 provided to the employer are provided in a position that would otherwise be covered
11 by the Kentucky Teachers' Retirement System and as long as the services are being
12 provided to a public board, institution, or agency listed in subsection (4) of this
13 section;

14 (13) "Regular interest" means interest at three percent (3%) per annum;

15 (14) "Accumulated contributions" means the contributions of a member to the teachers'
16 savings fund, including picked-up member contributions as described in KRS
17 161.540(2), plus accrued regular interest;

18 (15) "Annuitant" means a person who receives a retirement allowance or a disability
19 allowance;

20 (16) "Local retirement system" means any teacher retirement or annuity system created
21 in any public school district in Kentucky in accordance with the laws of Kentucky;

22 (17) "Fiscal year" means the twelve (12) month period from July 1 to June 30. The
23 retirement plan year is concurrent with this fiscal year. A contract for a member
24 employed by a local board of education may not exceed two hundred sixty-one
25 (261) days in the fiscal year;

26 (18) "Public schools" means the schools and other institutions mentioned in subsection
27 (4) of this section;

- 1 (19) "Dependent" as used in KRS 161.520 and 161.525 means a person who was
2 receiving, at the time of death of the member, at least one-half (1/2) of the support
3 from the member for maintenance, including board, lodging, medical care, and
4 related costs;
- 5 (20) "Active contributing member" means a member currently making contributions to
6 the Teachers' Retirement System, who made contributions in the next preceding
7 fiscal year, for whom picked-up member contributions are currently being made, or
8 for whom these contributions were made in the next preceding fiscal year;
- 9 (21) "Full-time" means employment in a position that requires services on a continuing
10 basis equal to at least seven-tenths (7/10) of normal full-time service on a fiscal year
11 basis;
- 12 (22) "Full actuarial cost," when used to determine the payment that a member must pay
13 for service credit means the actuarial value of all costs associated with the
14 enhancement of a member's benefits or eligibility for benefit enhancements,
15 including health insurance supplement payments made by the retirement system.
16 The actuary for the retirement system shall determine the full actuarial value costs
17 and actuarial cost factor tables as provided in KRS 161.400; and
- 18 (23) "Last annual compensation" means the annual compensation, as defined by
19 subsection (10) of this section and as limited by subsection (9) of this section,
20 earned by the member during the most recent period of contributing service, either
21 consecutive or nonconsecutive, that is sufficient to provide the member with one (1)
22 full year of service credit in the Kentucky Teachers' Retirement System, and which
23 compensation is used in calculating the member's initial retirement allowance,
24 excluding bonuses, retirement incentives, payments for accumulated sick, annual,
25 personal and compensatory leave, and any other lump-sum payment.

26 Section 92. KRS 163.460 is amended to read as follows:

27 As used in this chapter unless the context otherwise requires:

- 1 (1) "Office~~[Department]~~" means the Office~~[Department]~~ for the Blind.
- 2 (2) "Legally blind" means a visual acuity of 20/200 or less in the better eye with
3 correction or a visual field of 20 degrees or less.
- 4 (3) "Visually impaired" means a condition of the eye with correction which constitutes
5 or progressively results for the individual in a substantial disability to employment.
- 6 (4) "Executive director" means the executive director of the Office~~[Department]~~ for the
7 Blind.

8 Section 93. KRS 163.470 is amended to read as follows:

- 9 (1) There is created within the Education Cabinet~~[for Workforce Development]~~ the
10 Office~~[Department]~~ for the Blind.
- 11 (2) The executive director~~[commissioner]~~ shall be appointed by the~~[Governor upon the~~
12 ~~recommendation of the]~~ secretary of the Education Cabinet pursuant to KRS
13 12.050~~[for Workforce Development to whom he shall be directly responsible]~~.
- 14 (3) The office~~[department]~~ shall be the state agency responsible for all rehabilitation
15 services for the blind and the visually impaired and other services as deemed
16 necessary. The office~~[department]~~ shall be the agency authorized to expend all state
17 and federal funds designated for rehabilitation services for the blind and visually
18 impaired. The Office of the Secretary of the Education Cabinet~~[for Workforce~~
19 ~~Development]~~ is authorized as the state agency to receive all state and federal funds
20 and gifts and bequests for the benefit of rehabilitation services for the blind and
21 visually impaired. The State Treasurer is designated as the custodian of all funds
22 and shall make disbursements for rehabilitation purposes upon certification by the
23 executive director~~[commissioner]~~.
- 24 (4) (a) The Kentucky Office~~[Department]~~ for the Blind State Rehabilitation Council
25 is hereby created and established to accomplish the purposes and functions
26 enumerated in the Rehabilitation Act of 1973, as amended. Members of the
27 council shall be appointed by the Governor from recommendations submitted

1 by the Office~~[Department]~~ for the Blind consistent with the federal mandate to
 2 include a majority of individuals who are blind or visually impaired
 3 representing specified organizations, service providers, and advocacy groups.
 4 The composition, qualifications, and terms of service of the council shall
 5 conform to those prescribed by the federal law. There shall be statewide
 6 representation on the council.

7 (b) 1. Except as provided in subparagraph 2. of this paragraph, any vacancy
 8 occurring in the membership of the Office~~[Department]~~ for the Blind
 9 State Rehabilitation Council shall be filled in the same manner as the
 10 original appointment. The vacancy shall not affect the power of the
 11 remaining members of the council.

12 2. The Governor may delegate the authority to fill a vacancy to the
 13 remaining voting members of the council.

14 (c) Each member of the Office~~[Department]~~ for the Blind State Rehabilitation
 15 Council may receive a per diem of one hundred dollars (\$100), not to exceed
 16 six hundred dollars (\$600) annually, for each regular or special meeting
 17 attended if the member is not employed or must forfeit wages from other
 18 employment. Each member may have travel expenses approved at the
 19 established state rate and expenses reimbursed at the established state agency
 20 rate for services such as personal assistance, child care, and drivers for
 21 attendance at council meetings, and in the performance of duties authorized by
 22 the Kentucky Office~~[Department]~~ for the Blind State Rehabilitation Council.
 23 The per diem and expenses shall be paid out of the federal funds appropriated
 24 under the Rehabilitation Act of 1973, as amended.

25 (5) The office~~[department]~~ shall establish and implement policies and procedures for
 26 the carrying out of the program of services for the blind.

27 (6) At the close of each biennium, the office~~[department]~~ shall prepare a financial

1 report and present it to the secretary of the Education Cabinet~~[for Workforce~~
 2 ~~Development]~~ and to the Governor. The biennial report shall be published. The
 3 biennial report shall also contain a precise review of the work of the
 4 office~~[department]~~ and contain necessary suggestions for improvement.

5 (7) The office~~[department]~~ shall coordinate its functions with other appropriate public
 6 and private agencies.

7 (8) The office~~[department]~~ shall perform all other duties as required of it by law.

8 (9) The executive director~~[commissioner]~~ shall hire personnel as necessary to carry out
 9 the work of the office~~[department]~~ and the provisions of KRS 163.450 to 163.470.
 10 Preference shall be given to hiring qualified blind persons.

11 (10) There shall be created under the authority of the office~~[department]~~, to be directed
 12 by a director appointed by the secretary of the Education Cabinet pursuant to
 13 KRS 12.050~~[the commissioner]~~, a Division of Consumer~~[Client]~~ Services which
 14 shall provide intake and rehabilitation counseling services; distribute or sell
 15 technical educational and other aids to the blind; provide educational materials such
 16 as recorded texts, braille or large-type texts, or such other materials as may be
 17 deemed necessary for the education of the blind; research into the development of
 18 new technical aids for the blind, mobility training, work evaluation, personal
 19 adjustment, independent living, and other services as needed for blind adults, and
 20 services for the blind who have other disabilities; and promote employment of the
 21 blind in public and private sectors.

22 (11) There shall be established under the authority of the office~~[department]~~ to be
 23 directed by a director appointed by the secretary pursuant to KRS 12.050~~[the~~
 24 ~~commissioner]~~, the~~[a]~~ Division of Kentucky Business Enterprise~~[Enterprises]~~. This
 25 division shall manage and supervise the Vending Facilities Program and license
 26 qualified blind persons as vendors. In connection therewith, the office~~[department]~~
 27 shall be authorized to own or lease vending equipment for the operation of vending

1 facilities in federal, state, private, and other buildings. The set-aside charges levied
 2 shall comply with the existing federal regulations as specified in 34 CFR 395.9.
 3 One (1) or more facility placement agents shall be employed to locate and establish
 4 additional vending facilities. The Office~~[Department]~~ for the Blind shall make such
 5 surveys as may be deemed necessary to determine the vending facility opportunities
 6 for blind vendors in state buildings or on other property owned, leased, or otherwise
 7 occupied by the state government and shall install vending facilities in suitable
 8 locations on such property for the use of the blind. All of the net income from
 9 vending machines which are on the same property as a vending facility shall be paid
 10 to the blind vendor of the vending facility. Whenever there exists a conflict of
 11 interest between state agencies seeking to vend merchandise on the same state
 12 property, the agencies shall negotiate a fair agreement which shall protect the
 13 interest of both from unreasonable competition. The agreement shall be submitted
 14 to the custodial authority having jurisdiction over the property for approval.
 15 Provided, however, that in all situations the blind vendor shall be permitted to vend
 16 all items of merchandise customarily sold at similar vending facilities.

17 (12) The Office for the Blind~~[There shall be established under authority of the~~
 18 ~~department, to be directed by the commissioner, a Division of Industries for the~~
 19 ~~Blind which shall provide industrial evaluation, training, and employment.~~
 20 ~~Emphasis shall be on placement in public employment and long term sheltered~~
 21 ~~employment at industries for the blind. The Division of Industries for the Blind~~
 22 ~~shall be abolished, effective July 1, 2000. The department], at all times, shall be~~
 23 authorized to provide industrial evaluation, training, and employment. {

24 (13) ~~]~~The office~~[department]~~ shall provide staff services which shall include~~[fiscal~~
 25 ~~management,]~~ staff development and training, program development and
 26 evaluation,~~[public information office,]~~ and other staff services as may be deemed
 27 necessary.

1 ~~(13)~~~~(14)~~ The provisions of any other statute notwithstanding, the executive
 2 director~~commissioner~~ is authorized to use receipt of funds from the Social
 3 Security reimbursement program for a direct service delivery staff incentive
 4 program. Incentives may be awarded if case service costs are reimbursed for job
 5 placement of Social Security or Supplemental Security Income recipients at the
 6 Substantial Gainful Activity (SGA) level for nine (9) months pursuant to 42 U.S.C.
 7 sec. 422 and under those conditions and criteria as are established by the federal
 8 reimbursement program.

9 Section 94. KRS 163.475 is amended to read as follows:

- 10 (1) The General Assembly finds that the provision of industrial evaluation, training,
 11 and employment opportunities for individuals who are blind or visually impaired is
 12 a valuable and necessary component of vocational rehabilitation services. The
 13 Office~~Department~~ for the Blind has sole responsibility for and the obligation to
 14 operate and manage a Division of the Kentucky Industries for the Blind. This
 15 facility has struggled to meet these mandates but, faced with declining available
 16 state revenues, expects a continual diminishment to a submarginal operation with
 17 respect to providing viable long-term employment opportunities that are self-
 18 sustaining and sufficiently diversified for individuals who are blind or visually
 19 impaired.
- 20 (2) The General Assembly finds that increased flexibility in contract negotiation,
 21 purchasing, and hiring will enhance the competitiveness of the Kentucky Industries
 22 for the Blind, resulting in additional production contracts thereby guaranteeing
 23 continued and expanded jobs and other opportunities for individuals who are blind
 24 or visually impaired. This flexibility and competitiveness can be achieved through
 25 the operation of the Kentucky Industries for the Blind by a nonprofit corporation,
 26 the members of which have expertise in management skills and background
 27 pertaining to sound business practices and rehabilitation philosophy.

- 1 (3) The General Assembly finds that a transition period from state division to a
 2 nonprofit operation is necessary to ensure the success and continuation of the
 3 important functions of the Kentucky Industries for the Blind. Therefore, the General
 4 Assembly shall continue to support the Division of the Kentucky Industries for the
 5 Blind through appropriations to the Office[Department] for the Blind for six (6)
 6 years in order to eliminate eventually the necessity for annual state appropriations.
 7 The Office[Department] for the Blind shall monitor and safeguard the expenditure
 8 of those public moneys for the use and benefit of the Kentucky Industries for the
 9 Blind and citizens who are blind and visually impaired in the Commonwealth.
- 10 (4) The General Assembly finds that the continued employment of current employees
 11 of the Division of the Kentucky Industries for the Blind is a necessary and important
 12 outcome. The Office[Department] for the Blind shall ensure through contractual
 13 provisions that the nonprofit corporation it contracts with pursuant to KRS
 14 163.480(2) offers employment to every employee of the Kentucky Industries for the
 15 Blind at the time the nonprofit corporation assumes total responsibility for the
 16 operation of the workshop. The Office[Department] for the Blind shall maximize
 17 the retirement benefits for each current employee of the Division of Kentucky
 18 Industries for the Blind at the time the office[department] contracts for total
 19 operation by the nonprofit corporation through the parted employer provisions of
 20 KRS 61.510 to 61.705.
- 21 (5) The General Assembly finds that at the time the Kentucky Industries for the Blind is
 22 operated totally by the nonprofit corporation, the Office[Department] for the Blind
 23 shall have the authority to convey ownership of the workshop to any nonprofit
 24 corporation with which it contracts pursuant to KRS 163.480(2) without financial
 25 consideration, including real and personal property, inventory of materials, and
 26 stores for resale. The instrument of conveyance to such nonprofit corporation shall
 27 provide that the real property and production equipment conveyed, or sufficient

remuneration therefor, shall revert to the state at any time the nonprofit corporation or its successor shall cease operating the Kentucky Industries for the Blind for the benefit of individuals who are blind or visually impaired.

Section 95. KRS 163.480 is amended to read as follows:

(1) The Office~~[Department]~~ for the Blind may contract, to the extent funds are available under this chapter and under conditions and standards established by the office~~[department]~~, with any nonprofit corporation able to provide expertise in the operation of workshops for and rehabilitation of individuals who are blind or visually impaired and whose objectives are to carry out the purposes of KRS 163.470~~(12)~~~~[(13)]~~.

(2) The Office~~[Department]~~ for the Blind shall contract with a nonprofit corporation, effective July 1, 2000, to provide industrial evaluation, training, and employment opportunities for individuals who are blind or visually impaired~~[-as previously provided by the Division of Kentucky Industries for the Blind]~~.

Section 96. KRS 163.487 is amended to read as follows:

As used in KRS 163.485 to 163.489, unless the context requires otherwise:

(1) "Accessible electronic information service" means news and other timely information, including but not limited to magazines, newsletters, schedules, announcements, and newspapers, provided to eligible individuals using high-speed computers, radios, and telecommunications technology for acquisition of content and rapid distribution in a form appropriate for use by those individuals; and

(2) "Blind and disabled persons" means those individuals who are eligible for library loan services through the Library of Congress and the Office~~[Department]~~ for the Blind pursuant to 36 C.F.R. sec. 701.10(b).

Section 97. KRS 163.489 is amended to read as follows:

(1) The Accessible Electronic Information Service Program is created and shall be provided by the Office~~[Department]~~ for the Blind. The program shall include:

- 1 (a) Intrastate access for eligible persons to read audio editions of newspapers,
 2 magazines, newsletters, schedules, announcements, and other information
 3 using a touch-tone telephone, radio, or other technologies that produce audio
 4 editions by use of computer; and
- 5 (b) A means of program administration and reader registration on the Internet, or
 6 by mail, telephone, or any other method providing consumer access.
- 7 (2) The program shall:
- 8 (a) Provide accessible electronic information services for all eligible blind and
 9 disabled persons as defined by KRS 163.487(2);
- 10 (b) Make maximum use of available state, federal, and other funds by obtaining
 11 grants or in-kind support from appropriate programs and securing access to
 12 low-cost interstate rates for telecommunications by reimbursement or
 13 otherwise.
- 14 (3) The Office~~[Department]~~ for the Blind shall review new technologies and current
 15 service programs in Kentucky for the blind and visually impaired that are available
 16 to expand audio communication if the office~~[department]~~ determines that these new
 17 technologies will expand access to consumers in a cost-efficient manner. The
 18 office~~[department]~~ may implement recommendations from the Office~~[Department]~~
 19 for the Blind State Rehabilitation Council for improving the program.

20 Section 98. KRS 163.506 is amended to read as follows:

- 21 (1) The Commission on the Deaf and Hard of Hearing shall consist of:
- 22 (a) Seven (7) members appointed by the Governor as follows:
- 23 1. One (1) audiologist chosen from a list of three (3) names submitted by
 24 the Kentucky Speech and Hearing Association;
- 25 2. Three (3) hard of hearing or deaf persons chosen from a list of six (6)
 26 names submitted by the Kentucky Association of the Deaf;
- 27 3. One (1) deaf or hard of hearing person chosen from a list of three (3)

1 names submitted by the Kentucky Chapter of the Alexander Graham
 2 Bell Association for the Deaf, the initial appointment to be for a one (1)
 3 year term;

4 4. One (1) hard of hearing or deaf person chosen from a list of three (3)
 5 names submitted by the Kentucky members of Self Help for Hard of
 6 Hearing People, the initial appointment to be for a two (2) year term;
 7 and

8 5. One (1) deaf, late-deafened, or hard of hearing person chosen from a list
 9 of three (3) names submitted by the American Association of Retired
 10 Persons, the initial appointment to be for a two (2) year term;

11 (b) One (1) representative of the Cabinet for Health and Family Services
 12 appointed by the secretary;

13 (c) The secretary of the Education[, Arts, and Humanities] Cabinet or his
 14 designee;

15 (d) The president of the Kentucky Association for the Deaf or his designee;

16 (e) The president of the Kentucky Registry of Interpreters for the Deaf or his
 17 designee; and

18 (f) Three (3) persons appointed by the Commission on the Deaf and Hard of
 19 Hearing as constituted in subsections (1)(a) through (1)(e) of this section,
 20 appointed as follows:

21 1. One (1) parent of a hard of hearing or deaf child;

22 2. One (1) representative of a public or private organization providing
 23 consistent services to the deaf and hard of hearing; and

24 3. One (1) member at large.

25 (2) All members shall serve three (3) year terms except state officials or their designees
 26 who shall serve during their terms of office. Of the members appointed pursuant to
 27 subsection (1)(a)2. through (1)(a)5. and subsection (1)(f) of this section, no more

1 than three (3) of those members shall have terms beginning in the same year. Any
 2 person who is a member of the commission on July 13, 1990, shall serve until he
 3 resigns or until his term expires.

- 4 (3) Each member of the commission shall be reimbursed for his necessary travel and
 5 other expenses actually incurred in the discharge of his duties.

6 SECTION 99. A NEW SECTION OF KRS CHAPTER 164 IS CREATED TO
 7 READ AS FOLLOWS:

8 (1) The Kentucky Adult Education Program is created to carry out the statewide
 9 adult education mission. The program shall implement a twenty (20) year state
 10 strategy to reduce the number of adults who are at the lowest levels of literacy
 11 and most in need of adult education and literacy services. The program shall
 12 have responsibility for all functions related to adult education and literacy.

13 (2) The Kentucky Adult Education Program is part of the Council on Postsecondary
 14 Education and shall be organized in a manner as directed by the president of the
 15 Council on Postsecondary Education. The program shall be headed by a vice
 16 president appointed by the president of the Council on Postsecondary Education.

17 (3) The Kentucky Adult Education Program, Council on Postsecondary Education,
 18 shall be the agency solely designated for the purpose of developing and approving
 19 state plans required by state or federal laws or regulations.

20 Section 100. KRS 164.001 is amended to read as follows:

21 As used in this chapter, unless the context requires otherwise:

- 22 (1) "Administrator" means the chief executive officer of the institution;
 23 (2) "Adult basic education" means instruction in mathematics, science, social studies,
 24 reading, language arts, and related areas to enable individuals to better function in
 25 society;
 26 (3) "Benchmarks" means objective measures developed where applicable or practical
 27 by the Council on Postsecondary Education to judge the performance of the

- 1 postsecondary education system and progress toward the goals as stated in KRS
2 164.003(2);
- 3 (4) "Board" or "governing board" means the board of trustees for the University of
4 Kentucky or the University of Louisville, the board of regents for a regional
5 university, or the board of regents for the Kentucky Community and Technical
6 College System;
- 7 (5) "Board of regents" means the governing board of each regional university and the
8 Kentucky Community and Technical College System;
- 9 (6) "Committee" means the Strategic Committee on Postsecondary Education created in
10 KRS 164.004;
- 11 (7) "Council" means the Council on Postsecondary Education created in KRS 164.011;
- 12 (8) "Customized training" means training in specific academic areas, work processes, or
13 technical skills that are designed to serve a specific industry or industries to upgrade
14 worker skills;
- 15 (9) "Goals" means the six (6) goals specified in KRS 164.003(2);
- 16 (10) "Independent institution" means a nonpublic postsecondary education institution in
17 Kentucky whose instruction is not solely sectarian in nature, is accredited by a
18 regional accrediting association recognized by the United States Department of
19 Education, and is licensed by the Council on Postsecondary Education;
- 20 (11) "Institution" means a university, college, community college, health technology
21 center, vocational-technical school, technical institute, technical college, technology
22 center, or the Kentucky Community and Technical College System;
- 23 (12) "Kentucky Community and Technical College System" means the system composed
24 of public community and technical colleges, including those postsecondary
25 institutions operated by the former Cabinet for Workforce Development and those
26 community colleges in the University of Kentucky Community College System on
27 May 30, 1997.

1 The system also includes institutions created by the board of regents for the
2 Kentucky Community and Technical College System and approved by the General
3 Assembly;

4 (13) "Literacy" means an individual's ability to read, write, and speak in English and
5 compute and solve problems at levels of proficiency necessary to function on the
6 job and in society to achieve one's goals and develop one's knowledge and potential;

7 (14) "Lower division academic course" means any academic course offered for college
8 or university credit that is designated as a freshman or sophomore level academic
9 course;

10 (15) "Nonteaching personnel" means any employee who is a full-time staff member,
11 excluding a president, chancellor, vice president, academic dean, academic
12 department chair, or administrator;

13 (16) "Postsecondary education system" means the following public institutions:
14 University of Kentucky, University of Louisville, Eastern Kentucky University,
15 Kentucky State University, Morehead State University, Murray State University,
16 Northern Kentucky University, Western Kentucky University, and the Kentucky
17 Community and Technical College System;

18 (17) "P-16 council" or "council of partners" means a local or state council that is
19 composed of educators from public and private preschools, elementary, secondary,
20 and postsecondary education institutions, local board of education members, and
21 may include community and business representatives that have voluntarily
22 organized themselves for the purpose of improving the alignment and quality of the
23 education continuum from preschool through postsecondary education as well as
24 student achievement at all levels;

25 (18) "Public" means operated with state support;

26 (19) "Relative" means a person's father, mother, brother, sister, husband, wife, son,
27 daughter, aunt, uncle, son-in-law, or daughter-in-law;

1 (20) "Remedial education" means any program, course, or activity that is designed
 2 specifically for students who have basic deficiencies in reading, written or oral
 3 communication, mathematics, study skills, or other skills necessary to do beginning
 4 postsecondary work as defined by the institution;

5 (21) "Standardized degree program" means a program, approved by the Council on
 6 Postsecondary Education, that consists of specific competencies, curriculum, and
 7 performance requirements regardless of the providing institution;

8 (22) "Strategic agenda" means the state strategic postsecondary education agenda
 9 described in KRS 164.0203; and

10 (23) "Technical institution" means an educational institution that offers certificates,
 11 diplomas, or technical degrees in technical or occupational-related programs,
 12 including a facility called a vocational-technical school, technical institute, health
 13 technology center, technology center, technical college, or similar designation.

14 Section 101. KRS 164.020 is amended to read as follows:

15 The Council on Postsecondary Education in Kentucky shall:

16 (1) Develop and implement the strategic agenda with the advice and counsel of the
 17 Strategic Committee on Postsecondary Education. The council shall provide for and
 18 direct the planning process and subsequent strategic implementation plans based on
 19 the strategic agenda as provided in KRS 164.0203;

20 (2) Revise the strategic agenda and strategic implementation plan with the advice and
 21 counsel of the committee as set forth in KRS 164.004;

22 (3) Develop a system of public accountability related to the strategic agenda by
 23 evaluating the performance and effectiveness of the state's postsecondary system.
 24 The council shall prepare a report in conjunction with the accountability reporting
 25 described in KRS 164.095, which shall be submitted to the committee, the
 26 Governor, and the General Assembly by December 1 annually. This report shall
 27 include a description of contributions by postsecondary institutions to the quality of

- 1 elementary and secondary education in the Commonwealth;
- 2 (4) Review, revise, and approve the missions of the state's universities and the
3 Kentucky Community and Technical College System. The Council on
4 Postsecondary Education shall have the final authority to determine the compliance
5 of postsecondary institutions with their academic, service, and research missions;
- 6 (5) Establish and ensure that all postsecondary institutions in Kentucky cooperatively
7 provide for an integrated system of postsecondary education. The council shall
8 guard against inappropriate and unnecessary conflict and duplication by promoting
9 transferability of credits and easy access of information among institutions;
- 10 (6) Engage in analyses and research to determine the overall needs of postsecondary
11 education and adult education in the Commonwealth;
- 12 (7) Develop plans that may be required by federal legislation. The council shall for all
13 purposes of federal legislation relating to planning be considered the "single state
14 agency" as that term may be used in federal legislation. When federal legislation
15 requires additional representation on any "single state agency," the Council on
16 Postsecondary Education shall establish advisory groups necessary to satisfy federal
17 legislative or regulatory guidelines;
- 18 (8) Determine tuition and approve the minimum qualifications for admission to the
19 state postsecondary educational system. In defining residency, the council shall
20 classify a student as having Kentucky residency if the student met the residency
21 requirements at the beginning of his or her last year in high school and enters a
22 Kentucky postsecondary education institution within two (2) years of high school
23 graduation. In determining the tuition for non-Kentucky residents, the council shall
24 consider the fees required of Kentucky students by institutions in adjoining states,
25 the resident fees charged by other states, the total actual per student cost of training
26 in the institutions for which the fees are being determined, and the ratios of
27 Kentucky students to non-Kentucky students comprising the enrollments of the

1 respective institutions, and other factors the council may in its sole discretion deem
 2 pertinent;

3 (9) Devise, establish, and periodically review and revise policies to be used in making
 4 recommendations to the Governor for consideration in developing
 5 recommendations to the General Assembly for appropriations to the universities,
 6 the Kentucky Community and Technical College System, and to support strategies
 7 for persons to maintain necessary levels of literacy throughout their lifetimes
 8 including, but not limited to, appropriations to the Kentucky Adult Education
 9 Program~~[Department for Adult Education and Literacy]~~. The council has sole
 10 discretion, with advice of the Strategic Committee on Postsecondary Education and
 11 the executive officers of the postsecondary education system, to devise policies that
 12 provide for allocation of funds among the universities and the Kentucky
 13 Community and Technical College System;

14 (10) Lead and provide staff support for the biennial budget process as provided under
 15 KRS Chapter 48, in cooperation with the committee;

16 (11) (a) Except as provided in paragraph (b) of this subsection, review and approve all
 17 capital construction projects covered by KRS 45.750(1)(f), including real
 18 property acquisitions, and regardless of the source of funding for projects or
 19 acquisitions. Approval of capital projects and real property acquisitions shall
 20 be on a basis consistent with the strategic agenda and the mission of the
 21 respective universities and the Kentucky Community and Technical College
 22 System.

23 (b) The organized groups that are establishing community college satellites as
 24 branches of existing community colleges in the counties of Laurel, Leslie, and
 25 Muhlenberg, and that have substantially obtained cash, pledges, real property,
 26 or other commitments to build the satellite at no cost to the Commonwealth,
 27 other than operating costs that shall be paid as part of the operating budget of

- 1 the main community college of which the satellite is a branch, are authorized
2 to begin construction of the satellite on or after January 1, 1998;
- 3 (12) Require reports from the executive officer of each institution it deems necessary for
4 the effectual performance of its duties;
- 5 (13) Ensure that the state postsecondary system does not unnecessarily duplicate services
6 and programs provided by private postsecondary institutions and shall promote
7 maximum cooperation between the state postsecondary system and private
8 postsecondary institutions. Receive and consider an annual report prepared by the
9 Association of Independent Kentucky Colleges and Universities stating the
10 condition of independent institutions, listing opportunities for more collaboration
11 between the state and independent institutions and other information as appropriate;
- 12 (14) Develop a university track program within the Kentucky Community and Technical
13 College System consisting of sixty (60) hours of instruction that can be transferred
14 and applied toward the requirements for a bachelor's degree at the public
15 universities. The track shall consist of general education courses and pre-major
16 courses as prescribed by the council. Courses in the university track program shall
17 transfer and apply toward the requirements for graduation with a bachelor's degree
18 at all public universities. Successful completion of the university track program
19 shall meet the academic requirement for transfer to a public university as a junior.
20 By fall semester of 1997, requirements for track programs shall be established for
21 all majors and baccalaureate degree programs;
- 22 (15) Define and approve the offering of all postsecondary education technical, associate,
23 baccalaureate, graduate, and professional degree, certificate, or diploma programs in
24 the public postsecondary education institutions. The council shall expedite wherever
25 possible the approval of requests from the Kentucky Community and Technical
26 College System board of regents relating to new certificate, diploma, technical, or
27 associate degree programs of a vocational-technical and occupational nature.